

TANKERSKA NEXT GENERATION

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD
QUARTER AND THE FIRST NINE MONTHS OF 2020

2020

Q1

Q2

Q3

Q4



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Results Q1-Q3 2020

Vessel revenue
USD 27.4m

EBITDA
USD 12.5m

EBIT
USD 6.6m

Net profit
USD 4.3m

TCE NET
15,221 USD/day

OPEX
6,658 USD/day

COVID-19 has taken the world by storm, yet it is only one of many challenges facing the global shipping industry. No more than about 3 months ago nations were debating over the perception some economies were appearing to be emerging from the "first wave" of the pandemic. This debate seems to have been relegated lately while the race towards hope a vaccine becomes light in a tunnel that has kept us in the dark for the best part of 2020. "Travel restrictions", "lockdowns" and "hospital bed capacity" have astonishingly found their way into the vocabularies of the shipping industry.

Tanker market conditions have also been poor in Q3. However, considering the circumstances, the Company has maintained a robust stance in Q3, instead of just playing an idle role. Tankerska Next Generation has taken 2 ECO tankers back from their successful time charters in the Far East in order to strategically position them into scheduled dry-docking slots which was considered the best possible utilisation of time in an uninspiring spot market.

In Q3 of 2020, two ECO tankers were redelivered after 5 and 16 months of successful time charter employment while the MT Vukovar was successfully delivered to a US oil major for long term business at numbers nowhere to be seen since. The 3-year time charter employment for the ECO tanker (with charterers' option to extend for an additional year) commenced in August 2020. The concluded business remains to be thoroughly in line with the company's strategic concept.

We are now putting behind us a particularly striking first half of the year, both in terms of market volatility and an

overclouding pandemic. The financial cushion the company managed to secure in the first six months has deflated in the 3 months since due to spot market exposure and strategic repositioning for dry-dock in a bad tanker market.

We consider the repositioning and increased spot exposure a somewhat specific event underlining TNG long term strategy which continues to minimize the risk of its business operations, by means of balancing the employment of the fleet between voyage and time charters while emphasising the latter.

The net profit of TNG was HRK 30.8m (USD 4.3m), and is, among other things, the direct result of:

- *global economies struggling to emerge from lockdown*
- *growing pandemic concerns shadowing global stimulus and impacting oil demand*
- *relatively low bunker costs somewhat relieving pressure on freight rates*
- *3 completed dry-dockings resulting in approximately 76 days out of service in the third quarter*
- *gradual unwinding of floating storage deployment*
- *depressed aviation fuel demand*
- *a Q3 product tanker spot market in freefall*

Operational challenges

The global situation obviously also affects our operations. However, much along the lines of the views we shared publicly in August, the company has adjusted to the new market environment in a timely manner and undertook several preventive measures with the aim of minimizing the impact of the pandemic on operations.

New routines on vessels, tough restrictions and generally increased transportation difficulties have significantly increased the intricacy of operations. This applies particularly to managing crew changes, which in many cases has resulted in longer working periods onboard.

Despite the significant difficulties and palpable dangers, we are pleased to confirm that as of the time of writing, the Company has not recorded a single case of infection with the COVID-19 virus on its vessels. The merits for this must go to our crew and technical manager Tankerska Plovidba, but credit also must go to our officers and crew for their professional conduct in these challenging circumstances.

With the gradual opening, primarily of the borders in the Western Hemisphere and recently China, and the introduction of reopened international flights, we were able to make the most of the necessary crew changes and backup vessels logistically for a continuous operation.

In uncertain global economic circumstances and a significantly poor spot market, compared to the first 6 months of 2020, the Company has focused more intensively on the prospects of carrying out mandatory five-year repairs in the third quarter of this year. Although, according to our plan, we were committed

to 4 dockings up to the end of the year, three of our ECO tankers out of six units were in dry-dock in Q3 which in hindsight turned out to be ideal timing and best possible utilization in a spot market offering little or nothing over vessel's running costs.

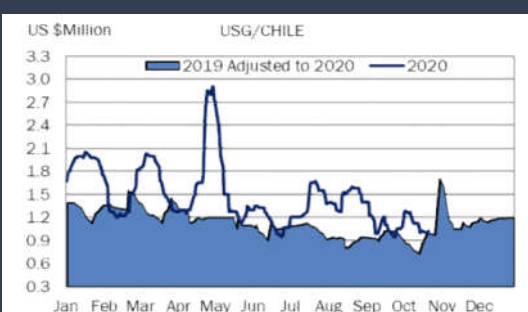
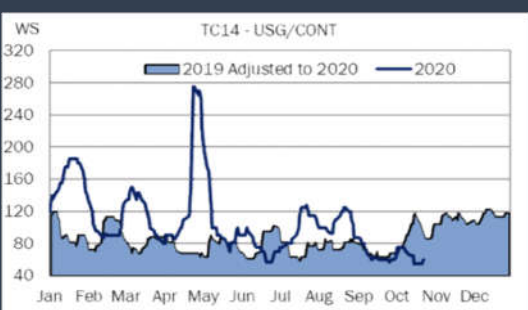
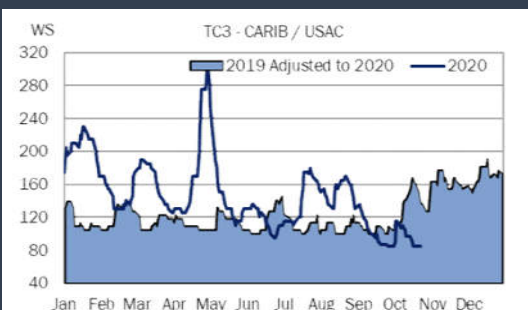
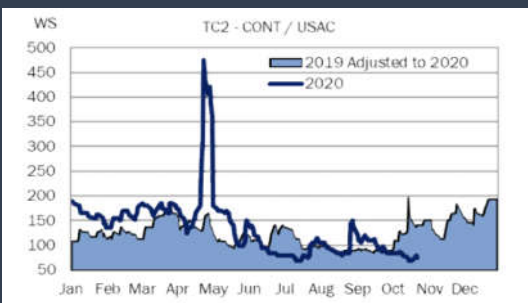
Despite the circumstances, the planned off hire time due to periodical maintenance on our vessels was kept to about 30 days. A period of increased maintenance still awaits us but three out of the four of the vessels scheduled for 2020 have completed dry-dock and two have new ballast water treatment systems installed.

John Karavanić, CEO





Market environment



Inevitably this report, like many others worldwide, has become a mere reflection on the impact of the pandemic as it has such a global outreach with consequences that leave no one unaffected. If there is a silver lining beyond doubt, it would have to be found in China and its citizens. They are proof COVID-19 can be tackled but with discipline most of the western hemisphere has yet to unveil.

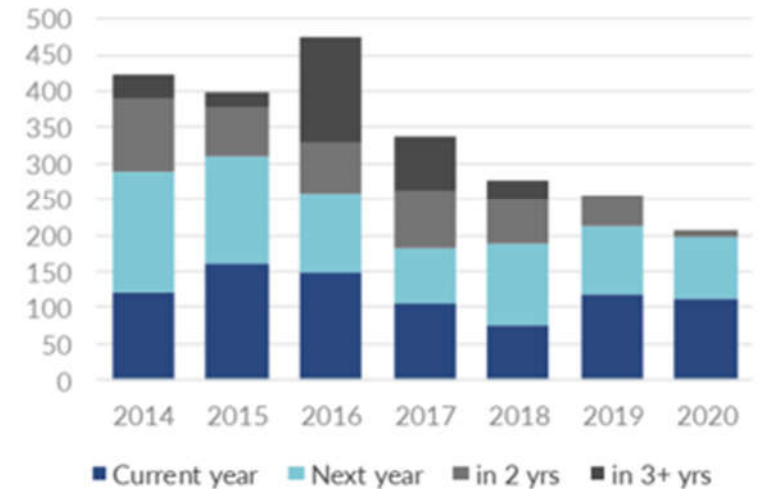
Pandemic aside, the countdown to the upcoming US Elections is very apparent and will most definitely become centre stage soon. We all brace ourselves for the best. Shipping, after all, needs to be able to overcome this hurdle too.

All the major forecasting agencies (IEA, EIA and OPEC) have reduced their oil demand outlook in their latest reports and new consensus is that petroleum demand will not return to 2019 levels until 2022 at the earliest. Contrary to this outlook, as commodity import data showed a week ago, Chinese buying appetite has clearly increased over the past few months. Interestingly, we have since August seen almost a 50% drop in crude oil in floating storage outside of China, from ~100m barrels (50x VLCC equivalents) to now around 55m barrels.

As most of the world still struggles with the coronavirus, China is showing once again that a fast economic rebound is possible when the virus is brought firmly under control.

MR Orderbook at start of each year

Orderbook as it stood at the start of each year (no. vessels)



The crude market has also witnessed some demand from China and India who are taking advantage of the depressed oil prices and lower priced imports to build reserves.

The Chinese economy surged 4.9 percent in the July-to-September quarter compared with the same months last year, the country's National Bureau of Statistics announced on Monday. The robust performance brings China almost back up to the roughly 6 percent pace of growth that it was reporting before the pandemic.

Poten, November 2020
Pareto, November 2020
Alibra, November 2020
New York Times, November 2020
Lloyds Lists – Cleaves Securities, November 2020
McQuilling Partners, November 2020

Many of the world's major economies have climbed quickly out of the depths of a contraction last spring, when shutdowns caused output to fall steeply. But China is the first to report growth that significantly surpasses where it was at this time last year. The United States and other nations are expected to report a third-quarter surge too, but they are still behind or just catching up to pre-pandemic levels.

China's lead could widen further in the months to come. It has almost no local transmission of the virus now, while the United States and Europe face another accelerating wave of cases.

Unwinding floating storage, inventory destocking and pace of oil demand recovery was pivotal to rates rising last month in Far East.

As lockdown restrictions are tightened on key global economies, the demand for crude oil and crude products will shrink. Amid volatile markets, demand for tankers has fallen 14.5% this year, with global fleet utilisation at 80%.

Global supply of crude is forecast at 92m bpd over the fourth quarter, up from 91.3m bpd in the prior three-month period, according to the International Energy Agency's October Oil Market Report. Russia and Saudi Arabia will add an additional 300,000 bpd between them.

Refinery runs last quarter were stable but profits to produce products were the lowest in more than a decade in some countries. Runs are forecast to rebound to levels last seen in 2015, with large product stock draws anticipated this quarter.

Surging new infection statistics in the US and Europe mean demand growth in September will show the smallest gain since May, the IEA said. Diesel and gasoline should be back at 98% of last year's consumption by the end of 2020, whereas demand for jet fuel will remain a third lower, according to the report.

Product tankers

Quick overview

MR (25-59,999DWT)

Key fleet figures

as at 01st November 2020

In Service:	2,597 vessels
total dwt capacity:	114,094,174 dwt
year to date growth:	2.77 %
Over 20yrs:	238 vessels
total dwt capacity:	9,639,797 dwt
as percentage of fleet:	9.16 %
On order:	167 vessels
total dwt capacity:	7,769,828 dwt
as percentage of fleet:	6.43 %

Remaining deliveries for 2020

as at 01st November 2020

Scheduled:	25 vessels
total dwt capacity:	1,160,224 dwt
as percentage of fleet:	0.96 %

Changes in 2020

as at 01st November 2020

Deliveries:	87 vessels
total dwt capacity:	3,902,107 dwt
as percentage of fleet:	3.44 %
of which latest month:	12 vessels
and in dwt terms :	547.320 dwt
New orders:	51 vessels
total dwt capacity:	2,464,494 dwt
as percentage of fleet:	2.02 %
of which latest month:	2 vessels
and in dwt terms :	100,000 dwt
Scrapped:	15 vessels
total dwt capacity:	597,127 dwt
as percentage of fleet:	0.59 %
of which latest month:	3 vessels
and in dwt terms:	123,750 dwt

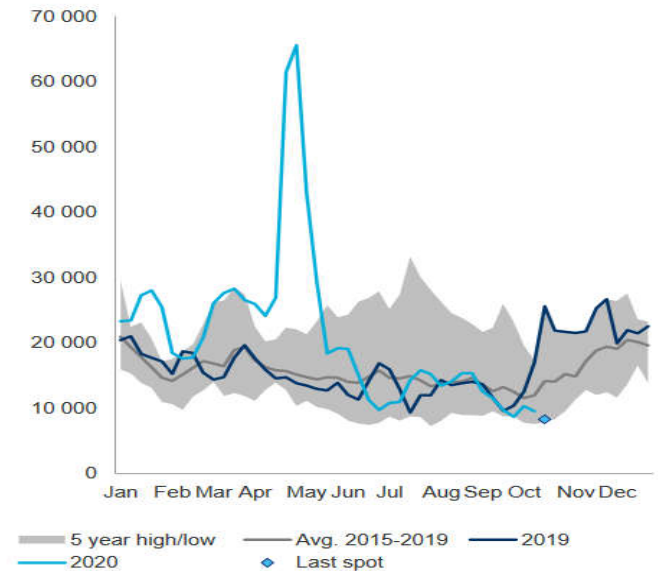
According to industry analysts Jefferies; The supply picture for tankers remains extremely positive, with the lowest orderbook-to-fleet ratio since 1997.

“The interplay between the unwinding of floating storage demand, destocking of both offshore and onshore inventories, and the speed at which near-term oil demand recovers will continue to be the key driver of tanker charter rate strength or weakness and volatility,” it continued.

There is also a shortfall in newbuilding orders because of technical uncertainty over which future fuels to invest in, which is said to limit supply besides already very selective bank financing.

In normal times, shrinking U.S. gasoline stockpiles would be a sign that Americans are driving more and the oil market is poised for a recovery. In this work-from-home era, it's mostly because refineries are producing fuel at the slowest pace for this time of year since the 2008 financial crisis. Inventories dropped below the five-year average for the first time since March, which was roughly the start of the U.S. pandemic, according to the Energy Information Administration. But the main reason is not because demand has fully recovered. It's because refiners cut run rates to historically low levels since shut-ins began in March.

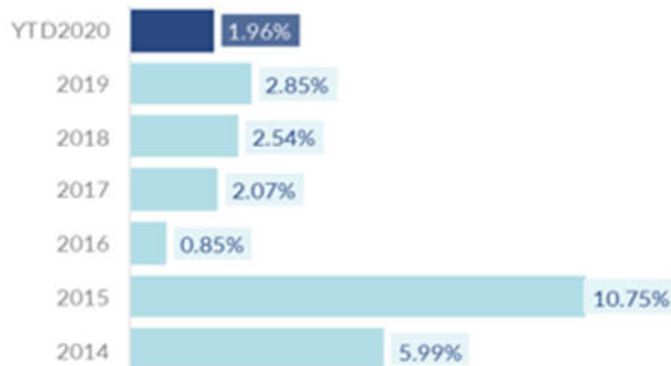
MR spot earnings (USD/day)



The pandemic has had a profound effect on the way people work, and with so many having worked effectively from home in recent months, the necessity for the daily commute and international travel has come in to question, as outlined by a recent report from the IEA, and this will undoubtedly have an impact on the oil demand and eventually on the tanker markets. There is some hope that with so many people working from home this might provide a boost in demand for heating energy over the winter season.

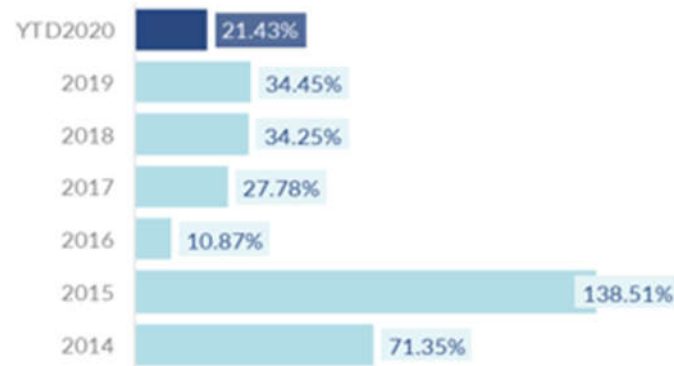
MR Contracting as % of fleet

New contracting as a percentage of "in service" fleet



MR Contracting as % of overage fleet

New contracting as a percentage of fleet above 20 years old



Jefferies, November 2020
EIA, November 2020
Allied, November 2020
Bloomberg, November 2020
Clarksons, November 2020

Uncertainty remains an overriding theme in the current maritime transport environment, which primarily refers to the volatility in freight rates, the gradual decline in demand for vessel's storage space, but overall with emphasis on the challenges shipping companies face with reference to difficult conditions for

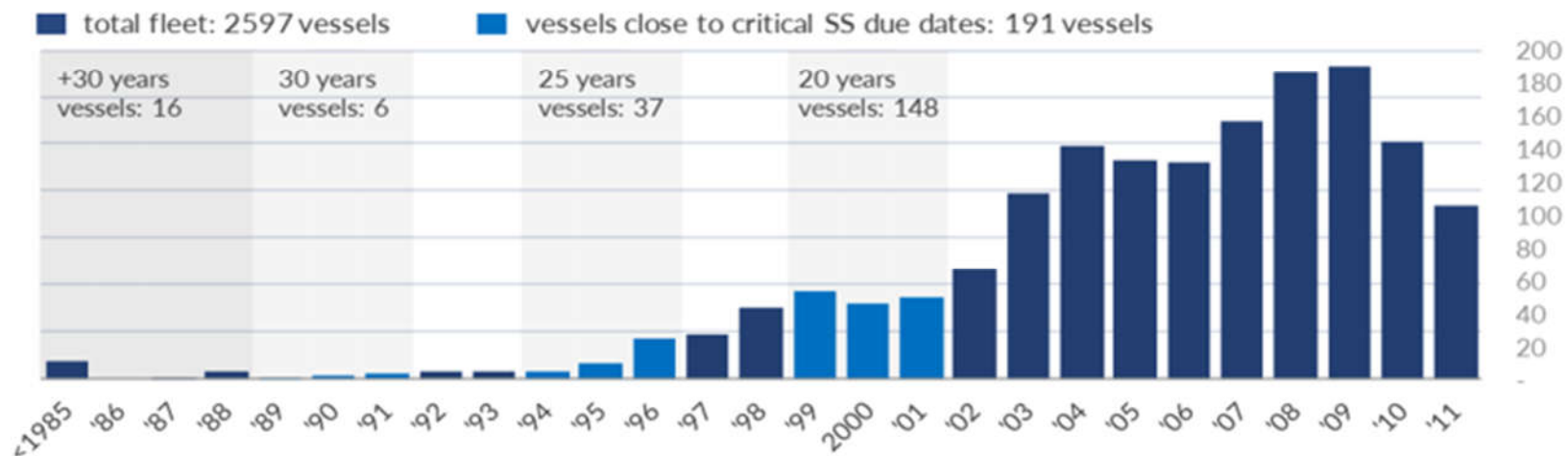
securing seafarers' repatriation and protecting their well-being.

The long term positive drivers include very low net tanker fleet growth. At the end of July 2020, the order book for the product tanker segment was at a record low of about 6 percent of the total tanker fleet –

almost half of the average for the last ten years. Under the current circumstances, practically no or very limited new orders are being placed, which guarantees that the low growth rate will be extended for some time.

No. of MR vessels potentially facing critical survey renewal costs

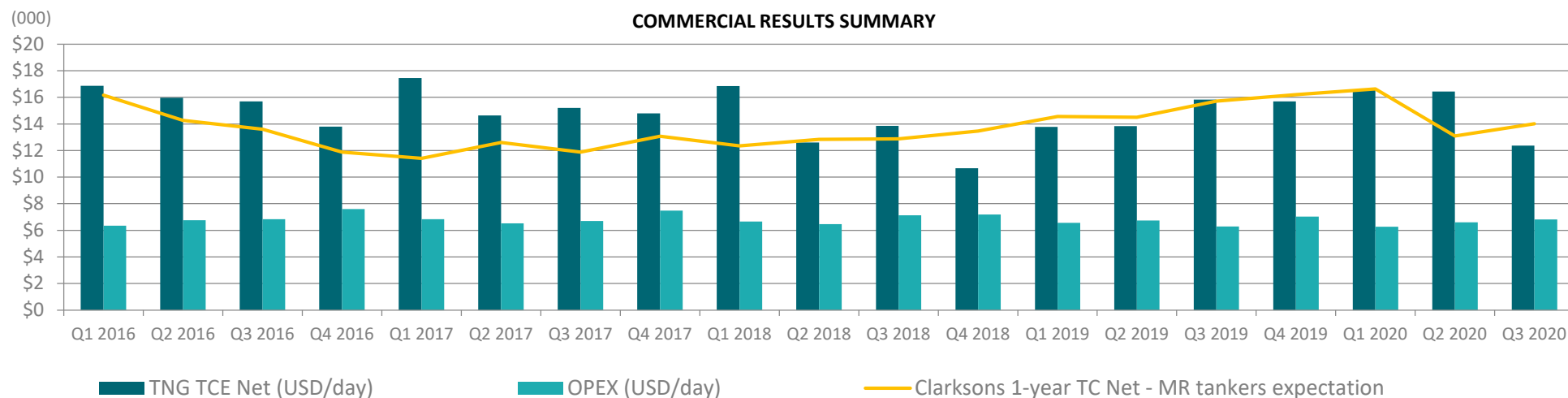
Breakdown of the no. vessels which are within the range of facing critical survey renewal costs



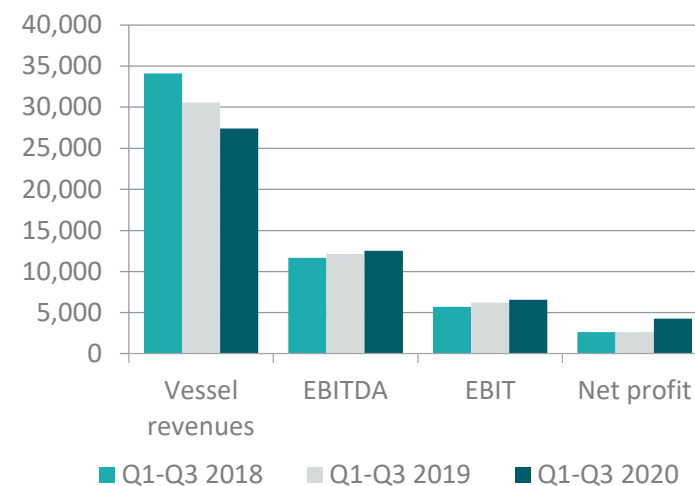
Allied, November 2020
TradeWinds, November 2020



Results



SELECTED FINANCIALS	HRK 000				USD 000			
	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
Vessel revenues	65,029	48,583	201,155	185,712	9,809	7,513	30,553	27,395
EBITDA	32,309	15,066	79,744	86,055	4,902	2,317	12,133	12,508
EBIT	18,465	2,390	40,505	46,547	2,892	331	6,199	6,583
Net profit	11,179	(1,629)	17,562	30,825	1,689	(269)	2,642	4,260



In the first three quarters of 2020, vessels' revenues reached HRK 185.7 million (USD 27.4m), which is a decrease compared to revenues generated in the same period in 2019. This change is the result of docking three tankers and less presence of TNG's fleet at spot market where the shipowner generates nominally higher income but is also burdened by higher costs due to the nature of the business in which the shipowner covers voyage related costs.

Total revenues for the first nine months of 2020 amounted to HRK 189.7m (USD 28.0m).

Commissions and voyage associated costs amounted to HRK 25.3 million (USD 3.8 million) in the first nine months of 2020, while in the same period of 2019 they added up to HRK 44.9 million (USD 6.8m). The decrease in these expenses is due to less exposure of TNG's fleet in the spot market.

Operating expenditures of the fleet amounted to HRK 73.2m (USD 10.9m) in the first nine months of 2020 and have slightly increased from the same period of 2019 when they were HRK 70.5m (USD 10.7m), while general and administrative expenses recorded at HRK 4.8m (USD 0,7m) are

slightly up against the same period last year.

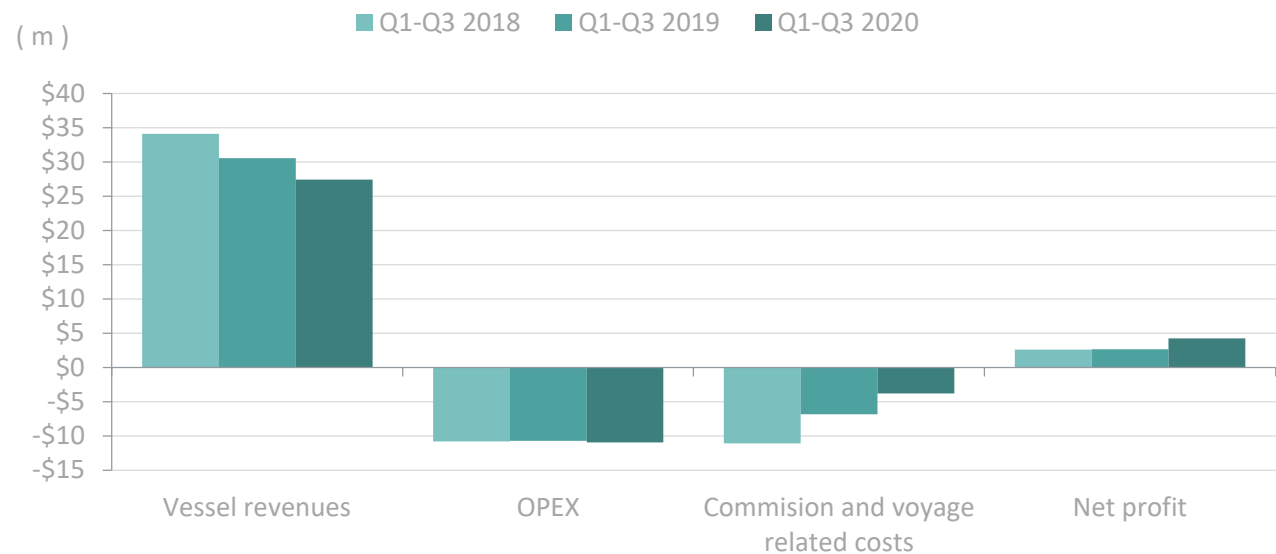
All vessels are depreciated over an estimated useful life span of 25 years on a linear basis to their residual value, which represents their scrap value on the international market.

EBITDA reached HRK 86.1m (USD 12.5m).

Depreciation costs in the first three quarters of 2020 amounted to HRK 39.5m (USD 5.9m).

EBIT was HRK 46.5m (USD 6.6m) while the net profit for the first nine months of 2020 amounts to HRK 30.8 million (USD 4.3m).

The average daily TCE of the fleet during the first half of 2020 was recorded at USD 15,221.



In the third quarter of 2020, vessels' revenues reached HRK 48.5.9 million (USD 7.5m), which is a decrease from the same period last year. This is a result of a five-year cycle of drydock of three tankers, ie 76 days of docking, in which the shipowner bears the operating costs of the vessel while there are no revenue days.

Total revenues for the third quarter of 2020 amounted to HRK 52.5m (USD 8.1m)

Commissions and voyage associated costs amounted to HRK 11.6 million (USD 1.8 million) in the third quarter of 2020, while in the same period of 2019 they added up to HRK 7.2 million (USD 1.1m).

Operating expenditures of the fleet amounted to HRK 24.3m (USD 3.8m) in the Q3 2020 and they slightly decreased from the same period of 2019 when they were HRK 25.8m (USD 3.5m), while general and administrative expenses amounted to HRK 1.6 million (USD 0.2 million) and were slightly higher compared to the same period last year.

All vessels are depreciated over an estimated useful life span of 25 years on a linear basis to

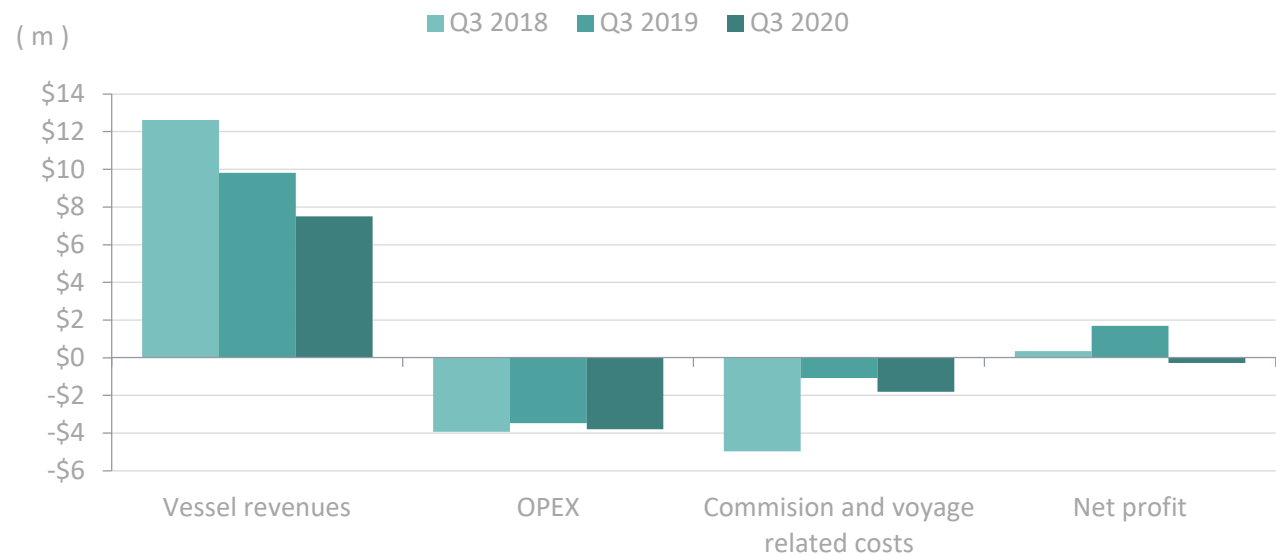
their residual value, which represents their scrap value on the international market.

EBITDA reached HRK 15.1m (USD 2.3m).

Depreciation costs in the third quarter of 2020 amounted to HRK 12.7m (USD 2.0m).

EBIT was HRK 2.4m (USD 0.3m) while the net loss for the Q3 2020 amounts to HRK 1.6 million (USD 0.3m).

The average daily TCE of the fleet during the third quarter of 2020 was recorded at USD 12,371.





Operational data of the fleet

TNG's CURRENT FLEET

Currently TNG's fleet consists of six MR tankers (Velebit, Vinjerac, Vukovar, Zoilo, Dalmacija and Pag). The Group owns an operating fleet which consists of two conventional ice class tankers and four eco-design modern product tankers with a total capacity of 300,000 dwt. As of September 30, 2020, the average age of the vessels in TNG's fleet was 6.46 years.

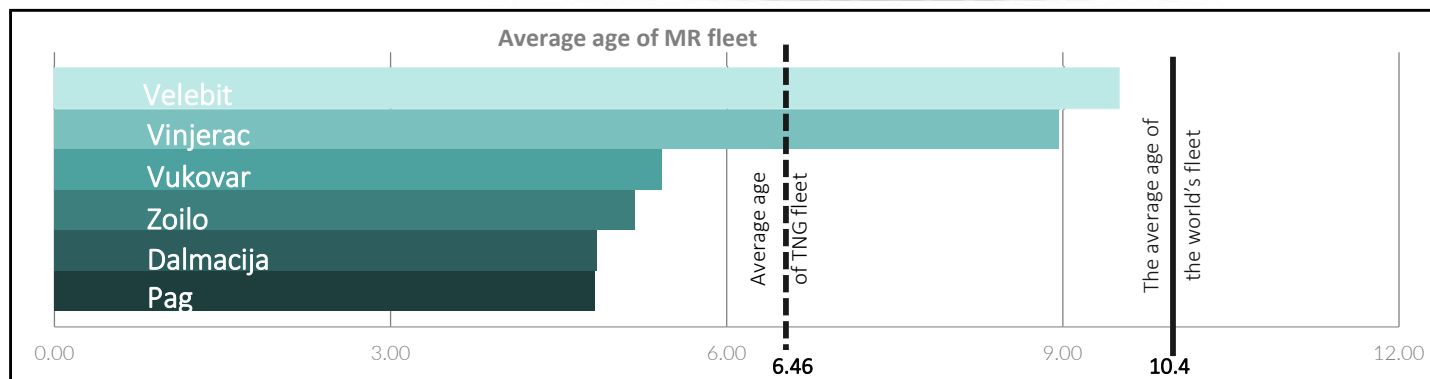
CURRENT CHARTERING STRATEGY

Dalmacija

During the first quarter of 2019, a twelve-month contract was secured for the period at USD 16,000 per day with Trafigura Maritime Logistics ("Trafigura"). Upon expiration of the current contract in Q1 2020, the charterer activated the option to extend the contract for an additional (maximum) 385 days at a similar rate at USD 16.800 per day and since the completion of the TC in July, she has been employed on the "spot" market and in August she performs regular five-year drydock.

Velebit

Tankerska Next Generation secured one-year employment for the conventional ice class product



tanker MT Velebit in mid-March 2019. The tanker was under a shipping contract with Clearlake Shipping Pte Ltd ("Clearlake") with a contracted rate of USD 14,500 per day and upon expiry of the contract, the charterer activated the option of the TC for an additional 8 months with commencement in March for a USD 1,000 premium.

Vukovar

The tanker underwent a regular five-year drydock in July, after which she was delivered to the charterer in August under a three-year TC for USD 17,050 per day with an option to extend for another year at \$ 18,000 per day.

Pag

The three-month time charter with a possibility of up to six months in the Charterer's option for MT Pag expired in early July.

Zoilo

Since MT Zoilo's redelivery in July 2018, she has been operating on the "spot" market, estimating that this type of employment is at present an optimum strategy for using the fleet's commercial potential and came out of docking in early September.

Vinjerac

Tankerska Next Generation secured two-year employment for MT Vinjerac, and the contracted employment is due to commence in May 2020. The tanker will be chartered out to a prominent charterer at approximately USD 15,250 per day under standard market terms and conditions. The charterer has an option to extend the deal, in direct continuation, for the third year at approximately USD 15,750.

Vessel	Capacity (dwt)	Employment	Hire rate (USD)
Velebit	52,554	Clearlake	15,500 (until Q4 2020)
Vinjerac	51,935	Clearlake	15,250 (from May 2020)
Vukovar	49,990	EXXON MOBIL	17,050 (until end of May)
Zoilo	49,990	SPOT market	SPOT
Dalmacija	49,990	SPOT market	SPOT (from beginning of July)
Pag	49,990	SPOT market	SPOT (from beginning of July)

Operational data of the fleet

OPERATIONAL DATA OF THE FLEET	Q1-Q3 2018	Q1-Q3 2019	Q1-Q3 2020
Time Charter Equivalent rates (USD/day)	14,057	14,490	15,221
Daily vessel operating expenses (USD/day)	6,607	6,529	6,658
Operating days	1,638	1,638	1,644
Revenue days	1,638	1,638	1,550
Fleet utilization (%)	100%	100%	94.3%

Tankerska Next Generation takes on the conservative approach of fixing medium-term employment time charters for its fleet, which became apparent in the escalating market conditions when key time charters are concluded. At the time, the concluded time charter contracts enabled TNG to achieve results above the market average. In Q3 tankers were employed on time charter 238 days out of 461 Income days, which is 52% of Income days.

The average TCE net rate for first nine months of the 2020 added up to USD 15,221.

The average daily vessel operating expenses (OPEX) in the same period amounted to USD 6,658 per vessel, which is a decrease in comparison to the same period last year.

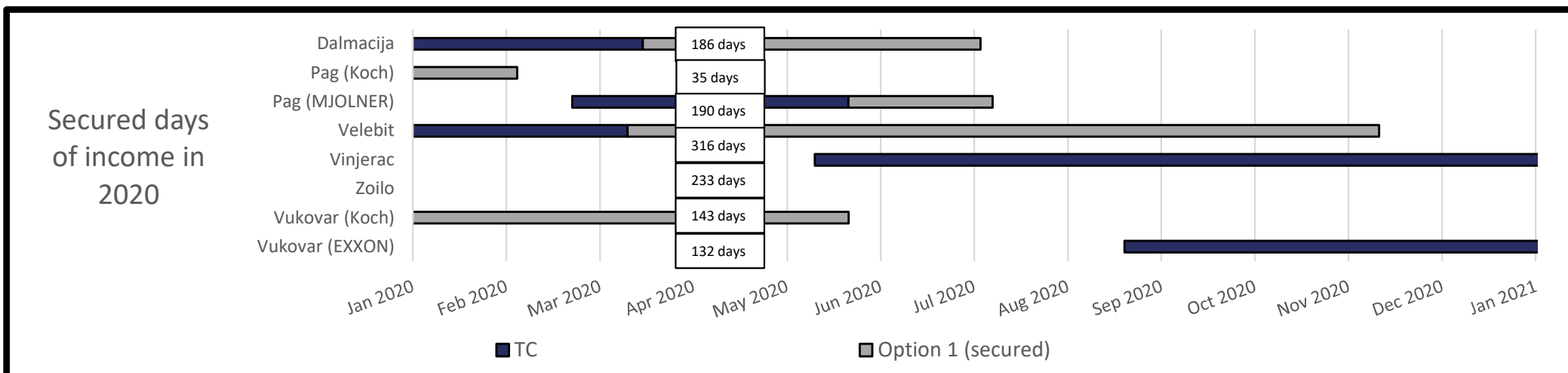
The Ballast Water Convention of the International Maritime Organization entered into force on September 8, 2017. After September 2017, the

approved ballast water treatment system will have to be installed by the time it is necessary to renew the International Oil Pollution Prevention (IOPP) certificate, which for TNG means that the systems will be installed on vessels following a five-year drydock cycle that started in the middle of 2020.

New ballast water management rules aimed at halting the spread of harmful aquatic organisms are welcome but will also add significant costs and potentially bring new risks for shipping. The ballast water treatment system actively removes, kills or deactivates reproduction systems of organisms in ballast waters before returning them to the ecosystem. During the third quarter of 2020, we installed the already mentioned

system in 2 of 3 tankers that had their regular five-year drydock.

Based on the dockings done so far, we can conclude that the actual costs are in line with the plan. In other words, the average cost of delivery and installation of BWTS and the cost of docking amounted about 1.5 million USD per ship, keeping in mind that the ECO tanker Dalmacija was delivered from the shipyard as a newbuilding with an already implemented ballast water treatment system.



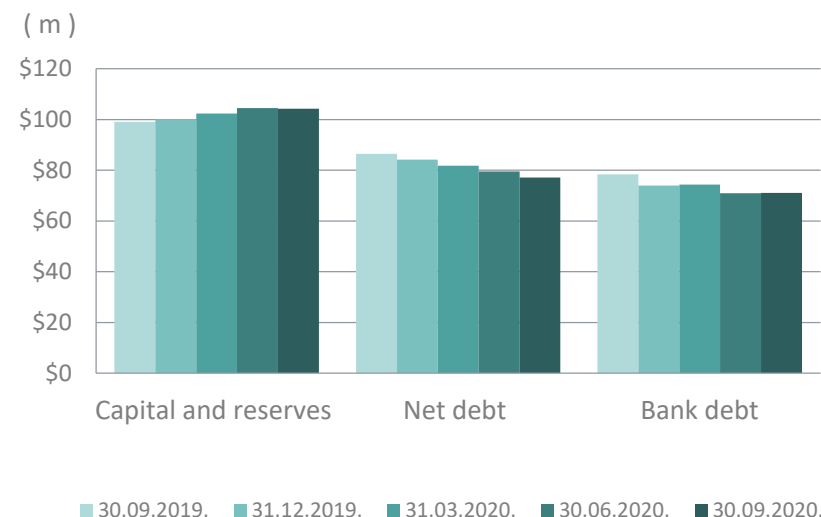


Financial position summary

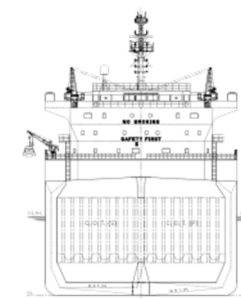
Tankerska Next Generation concluded the first nine months of 2020 with 2 percentage points less gearing or 41% in comparison to the end of 2019. This decreasing debt trend is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, while a further decrease in the company's debt is expected in the future.

Securing sufficient levels of financing (both debt and equity financing), provides stable foundations for delivering the company strategy and increasing distributable cash flow, while lowering the risk of the business by focusing on medium to long term time charter periods.

M/t Dalmacija and Pag, whose time charters expired during the year, were transferred to the spot market with a goal to maximize the commercial benefits to the fleet. This model of employment at the current market conditions offers management enough flexibility to timely react to the positive changes in hire rates, while it simultaneously requires a higher liquidity, since the vessel owner covers the voyage related expenses in advance of being compensated, while on time charter the Owner receives the hire upfront.



FINANCIAL POSITION SUMMARY	HRK 000					USD 000				
	30 Sep 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020	30 Sep 2019	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
Bank debt	586,161	559,749	562,672	533,142	497,769	86,519	84,174	81,828	79,483	77,137
Cash and cash equivalents	55,364	67,712	51,179	57,073	38,868	8,171	10,182	7,443	8,509	6,023
Net debt	530,797	492,037	511,493	476,069	458,901	78,348	73,992	74,385	70,974	71,114
Capital and reserves	671,398	665,234	704,015	700,852	672,562	99,121	100,037	102,384	104,487	104,225
Gearing ratio Net debt / (Capital and reserves + Net debt)	44%	43%	42%	40%	41%	44%	43%	42%	40%	41%



Income statement and statement of other comprehensive income

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020



INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR PERIOD FROM JANUARY 1 ST , 2020 TO SEPTEMBER 30 TH , 2020 unaudited	HRK 000				USD 000			
	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020	Q3 2019	Q3 2020	Q1-Q3 2019	Q1-Q3 2020
Revenues	65,029	48,583	201,155	185,712	9,809	7,513	30,553	27,395
Other revenues	124	3,964	686	3,964	19	619	105	619
Sales revenues	65,153	52,547	201,841	189,676	9,828	8,132	30,658	28,014
Commission and voyage related costs	(7,156)	(11,555)	(44,918)	(25,304)	(1,068)	(1,809)	(6,818)	(3,800)
Vessel operating expenses	(23,148)	(24,330)	(70,531)	(73,219)	(3,473)	(3,761)	(10,694)	(10,946)
General and administrative	(1,541)	(1,596)	(4,185)	(4,753)	(234)	(245)	(637)	(708)
Other expenses	(999)	-	(2,463)	(345)	(151)	-	(376)	(52)
Total operating expenses	(32,844)	(37,481)	(122,097)	(103,621)	(4,926)	(5,815)	(18,525)	(15,506)
EBITDA	32,309	15,066	79,744	86,055	4,902	2,317	12,133	12,508
Depreciation and amortization	(13,844)	(12,676)	(39,239)	(39,508)	(2,010)	(1,986)	(5,934)	(5,925)
Impairment	-	-	-	-	-	-	-	-
Operating profit (EBIT)	18,465	2,390	40,505	46,547	2,892	331	6,199	6,583
Net interest expenses	(7,281)	(4,044)	(22,995)	(15,756)	(1,106)	(605)	(3,510)	(2,329)
Net foreign exchange gains (losses)	(5)	25	52	34	(97)	5	(47)	6
Net income	11,179	(1,629)	17,562	30,825	1,689	(269)	2,642	4,260
Other comprehensive income	27,254	(26,661)	29,608	(22,942)	(13)	7	(14)	10
Total comprehensive income	38,433	(28,290)	47,170	7,883	1,676	(262)	2,628	4,270
Weighted average number of shares outstanding, basic & diluted (thou,)	8,720	8,707	8,720	8,710	8,720	8,707	8,720	8,710
Net income (loss) per share, basic & diluted	1.28	(0.19)	2.01	3.54	0.19	(0.03)	0.30	0.49

Balance sheet

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

BALANCE SHEET AT THE DATE OF SEPT 30 TH , 2020 unaudited	HRK 000				USD 000			
	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2019	31 Mar 2020	30 Jun 2020	30 Sep 2020
Non-current Assets	1,165,009	1,197,570	1,159,208	1,120,097	175,192	174,160	172,820	173,575
Vessels	1,162,125	1,188,132	1,145,787	1,100,231	174,758	172,788	170,819	170,499
Tangible assets in preparation	117	9,319	13,295	19,597	18	1,355	1,982	3,037
Other Non-current Assets	2,767	119	126	269	416	17	19	39
Current Assets	92,377	102,217	102,502	85,869	13,891	14,866	15,281	13,310
Inventory	5,360	5,173	7,748	8,454	806	752	1,155	1,310
Accounts receivable	15,977	24,189	32,319	31,494	2,403	3,518	4,818	4,881
Cash and cash equivalents	67,712	51,179	57,073	38,868	10,182	7,443	8,509	6,023
Other current assets	3,328	21,676	5,362	7,053	500	3,153	799	1,096
Total Assets	1,257,386	1,299,787	1,261,710	1,205,966	189,083	189,026	188,101	186,885
Shareholders Equity	665,234	704,015	700,852	672,562	100,037	102,384	104,487	104,225
Share capital	436,667	436,667	436,667	436,667	67,500	67,500	67,500	67,500
Reserves	138,370	160,841	142,089	116,595	18,657	18,658	18,661	18,845
Retained earnings	90,197	106,507	122,096	119,300	13,880	16,226	18,326	17,880
Non-Current Liabilities	497,362	514,289	501,678	482,634	74,792	74,792	74,792	74,792
Bank debt	497,362	514,289	501,678	482,634	74,792	74,792	74,792	74,792
Current Liabilities	94,790	81,483	59,180	50,770	14,254	11,850	8,822	7,868
Bank debt	62,387	48,383	31,464	15,135	9,382	7,036	4,691	2,345
Accounts payable	5,128	3,855	5,094	12,948	770	561	759	2,007
Other current liabilities	27,275	29,245	22,622	22,687	4,102	4,253	3,372	3,516
Total liabilities and shareholders equity	1,257,386	1,299,787	1,261,710	1,205,966	189,083	189,026	188,101	186,885

Cash flow statement

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020



CASH FLOW STATEMENT FOR THE Q1-Q3 2020 unaudited	HRK 000				USD 000			
	FY 2019	Q1 2020	H1 2020	Q1-Q3 2020	FY 2019	Q1 2020	H1 2020	Q1-Q3 2020
Profit before tax	23,340	16,865	32,454	30,825	3,545	2,429	4,529	4,260
Amortisation	52,499	13,387	26,832	39,508	7,913	1,970	3,939	5,925
Changes in working capital	20,297	(25,560)	(24,902)	(23,254)	3,124	(3,735)	(3,718)	(3,601)
Other	5,627	1,443	(1,915)	(5,271)	682	(42)	(117)	(186)
Cash flow from operating activities	101,763	6,135	32,469	41,808	15,264	622	4,633	6,398
Cash inflows from investing activities	-	-	-	-	-	-	-	-
Cash outflows from investing activities	(2,780)	(6,307)	(10,304)	(22,555)	(417)	(934)	(1,533)	(3,439)
Cash flow from investing activities	(2,176)	(6,307)	(10,304)	(22,555)	(417)	(934)	(1,533)	(3,439)
Cash inflows from financing activities	-	-	-	-	-	-	-	-
Cash outflows from financing activities	(88,264)	(16,361)	(32,804)	(48,097)	(13,382)	(2,427)	(4,773)	(7,118)
Cash flow from financing activities	(88,264)	(16,361)	(32,804)	(48,097)	(13,382)	(2,427)	(4,773)	(7,118)
Net changes in cash	11,323	(16,533)	(10,639)	(28,844)	1,465	(2,739)	(1,673)	(4,159)
Cash and cash equivalents (beg, of period)	56,389	67,712	67,712	67,712	8,717	10,182	10,182	10,182
Cash and cash equivalents (end of period)	67,712	51,179	57,073	38,868	10,182	7,443	8,509	6,023

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020



STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehensive income	Foreign exchange translation reserves	Total
For the period from 1 Jan to 31 Mar 2020	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 January 2020	436,667	90,197	127,377	10,993	665,234
Net profit for the period	-	16,865	-	-	16,865
Change in capital	-	-	-	-	-
Change in other reserves	-	(555)	-	-	(555)
Changes in other comprehensive income	-	-	-	22,471	22,471
Balance at 31 March 2020	436,667	106,507	127,377	33,464	704,015
For the period from 1 Apr to 30 Jun 2020	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 April 2020	436,667	106,507	127,377	33,464	704,015
Net profit for the period	-	15,589	-	-	15,589
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(18,752)	(18,752)
Balance at 30 June 2020	436,667	122,096	127,377	14,712	700,852
For the period from 1 Jul to 30 Sep 2020	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 Jul 2020	436,667	106,507	127,377	33,464	704,015
Net profit for the period	-	(1,629)	-	-	(1,629)
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(26,661)	(26,661)
Balance at 30 Sep 2020	436,667	120,467	127,377	(11,949)	672,562

STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehensive income	Foreign exchange translation reserves	Total
For the period from 1 Jan to 31 Mar 2020	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 January 2020	67,500	13,880	19,689	(1,032)	100,038
Net profit for the period	-	2,429	-	-	2,429
Change in capital	-	-	-	-	-
Change in other reserves	-	(82)	-	-	(82)
Changes in other comprehensive income	-	-	-	-	-
Balance at 31 March 2020	67,500	16,227	19,689	(1,032)	102,384
For the period from 1 Apr to 30 Jun 2020	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 April 2020	67,500	16,227	19,689	(1,032)	102,384
Net profit for the period	-	2,100	-	-	2,100
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	3	3
Balance at 30 June 2020	67,500	18,327	19,689	(1,029)	104,487
For the period from 1 Jul to 31 Dec 2020	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 Jul 2020	67,500	16,227	19,689	(1,032)	102,384
Net profit for the period	-	(269)	-	-	(269)
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	7	7
Balance at 30 Sep 2020	67,500	18,058	19,689	(1,022)	104,225

NET ASSET VALUE CALCULATION

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020



NET ASSET VALUE CALCULATION ESTIMATE (000 USD)	At the date 30 Sep 2019	At the date 31 Dec 2019	At the date 31 Mar 2019	At the date 30 Jun 2020	At the date 30 Sep 2020
Total fleet value	165,360	167,950	163,630	147,420	147,650
Investments	-	-	-	-	-
Current assets	5,779	3,709	7,423	6,772	7,287
Other non-current assets	17	416	17	19	39
Total value of other assets	5,796	4,125	7,440	6,791	7,326
Cash and cash equivalents	8,171	10,182	7,443	8,509	6,023
Bank debt	(86,519)	(84,174)	(81,828)	(79,483)	(77,137)
Net debt	(78,348)	(73,992)	(74,385)	(70,974)	(71,114)
Other non-current liabilities	-	-	-	6,791	-
Current liabilities	(6,088)	(4,872)	(4,814)	(4,131)	(5,523)
Total value of other liabilities	(6,088)	(4,872)	(4,814)	(4,131)	(5,523)
NET ASSET VALUE	86,720	93,211	91,871	79,106	78,339
Weighted average number of shares outstanding, basic & diluted	8,720,145	8,720,145	8,716,890	8,711,956	8,710,299
Net asset value per share (USD)	9.94	10.69	10.54	9.09	8.99

KEY COMMENTS:

The calculation of the value of the operational fleet of the Company, which is based on the average values in the industry for a specific type of vessel basically contains assumptions and revenue generating ability of each unit, taking into account the currently obtainable daily hire, which can be achieved by employing a specific type of vessel at the time of evaluation.

The prevailing hire rates fluctuate depending on the season and the year, and thus reflect changes in freight rates, expectations of future freight rates and other factors. The degree of volatility of time charter hire rates is lower for long-term contracts than the ones fixed in the shorter term.

The revenue potential of TNG has usually been backed by secured contracts, which significantly alleviated the usual volatility of hire rates which were seen during this year.

Stability of operations was significantly contributed by the employment strategy of the fleet which preferred medium-term

time charter employment, which mitigated the short-term volatility which is reflected in the changing freight rates, and volatility in the value of Company's assets.

Corrections on the freight rate market are also reflected in the current estimates of the S&P value of vessels. Value of the fleet at September 30th, 2020 amounts to USD 147.7m, what with all other unchanged parameters gives a NPV per share of USD 8.99.

Assessment of net asset value is based on current market conditions, and revenue and cost assumptions of typical or average product tanker and does not reflect specifics of TNG fleet, or the expectations of management related to the changes and recovery in the hire rates and the market of petroleum products, as well as the growth and development of the fleet in this segment in the available industrial analysis.

ANNOUNCEMENTS IN Q3 2020

- 10.07.2020 Redelivery of time charters
- 24.07.2020 Announcement of the Management and the Supervisory Board session
- 29.07.2020 Management and Supervisory Board meeting held
- 20.08.2020 Tankerska Next Generation's market conditions in Q3 2020
- 21.08.2020 Annual Assembly decisions
- 31.08.2020 Code of Corporate Governance Questionnaire for 2019

SHAREHOLDER STRUCTURE

Shareholder on 30 Sep 2020	No. of shares	Share (u %)
Tankerska Plovidba	4,454,994	51.01%
PBZ Croatia Osiguranje OMF	839,000	9.61%
Erste Plavi OMF	808,000	9.25%
Raiffeisen OMF	752,036	8.61%
Raiffeisen DMF	372,103	4.26%
Other institutional and private investors	1,507,212	17.26%
Total	8,733,345	100.00%

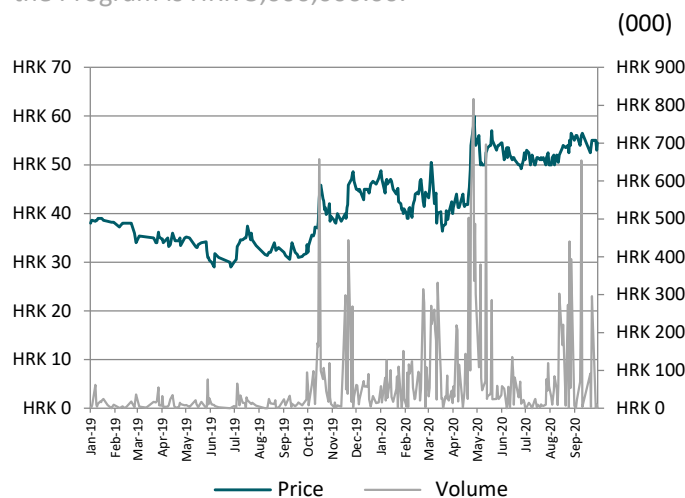
MANAGEMENT AND SUPERVISORY BOARD

In 2020 there were no changes in Supervisory Board. On September 30th, 2020, the sole member of the Management Board is Mr. John Karavanić. The Supervisory Board consists of Mr. Ivica Pijaca, president, Mr. Mario Pavić, deputy president, and members Mr. Joško Miliša, Mr. Nikola Koščica and Mr. Dalibor Fell.

TPNG-R-A STOCK

The share capital of the Company equals to HRK 436,667,250.00, divided into 8,733,345 ordinary dematerialized registered shares, without par value, and each share gives one vote at the General assembly of the Company.

The Company shares with the ticker TPNG-R-A are listed on the Zagreb Stock Exchange. In February 2020, the Management Board adopted a decision to launch Treasury Share Buy-Back Programme (hereinafter: the Programme) in accordance with the resolution adopted by the General Assembly from 2016. The Programme commenced on February 24, 2020 and will last until February 24, 2021. The maximum number of shares intended to be acquired during the Programme is 110,000, and the largest amount of money allocated to the Program is HRK 5,000,000.00.

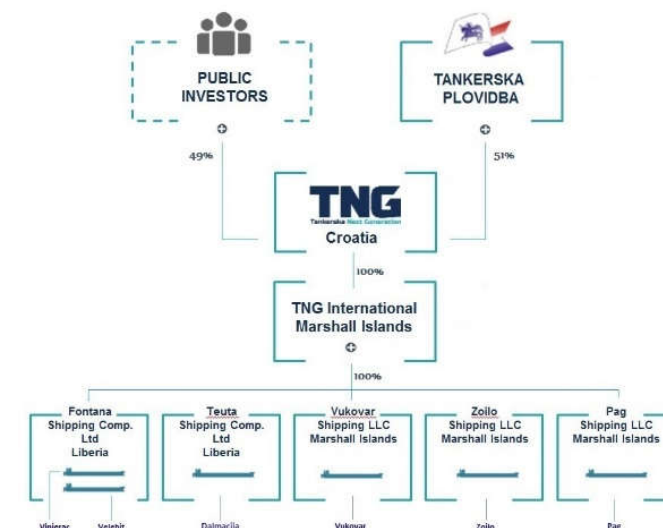


Since the beginning of the year until September 30, the Company had repurchased a total of 13,123 treasury shares on the Zagreb Stock Exchange, representing 0.15% of the Company's share capital.

The Company paid the equivalent of HRK 554,667.51 for the acquisition of abovementioned treasury shares. As of September 30th, 2020 the Company had 26,323 treasury shares.

Although the Program started in unusual circumstances, due to the COVID-19 pandemic, which had a negative impact on the domestic capital market, we would like to point out the fact that the Company met the set short-term goals which included increasing demand and liquidity of the Company's shares and creating added value for its shareholders. Also, based on the audit performed on March 10th, 2020, the Zagreb Stock Exchange Index Board determined that the shares of Tankerska Next Generation d.d (TPNG) are eligible for inclusion in the CROBEX[®] and CROBEXtr[®] indices. The above mentioned change has begun on March 23rd, 2020.

OVERVIEW OF RELATED PARTY TRANSACTIONS:



SBB achievements 24 February – 30 September 2020

Number of repurchased shares
13,123 (0.15% capital)

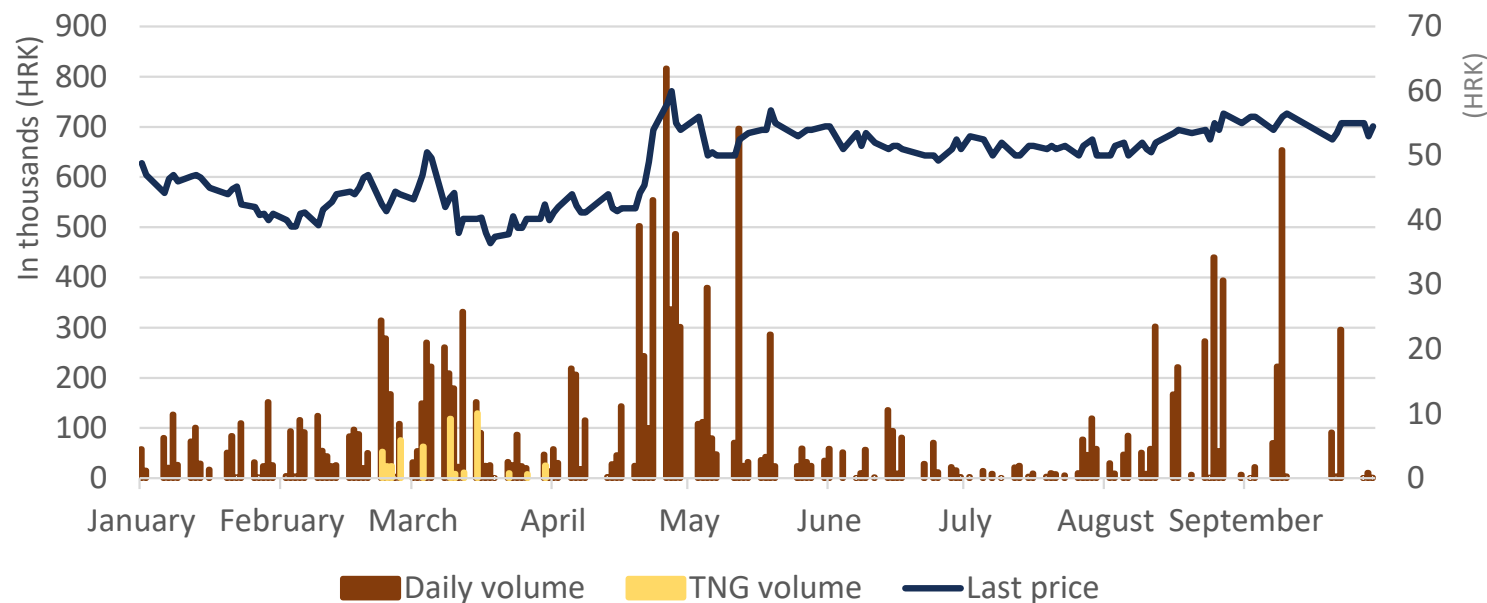
Repurchased amount
554.5k HRK

Achieved turnover TPNG at ZSE in that
period
14.1m HRK

Percentage of repurchased treasury
shares in total turnover
3.9%

Elapsed time
59.8%

Achieved out of projected
11.9%



Market capitalization
474,5 mil. HRK

YTD price +15,5%

TPNG at ZSE	HRK				
	2016	2017	2018	2019	January 1st, - September 30, 2020.
Volume (m)	14.7	4.1	1.5	5.9	16.1
Last price	75.00	54.00	38.80	47.20	54.50
Highest price	79.99	84.89	57.00	49.60	60.00
Lowest price	66.00	54.00	33.40	28.80	36.00
Average price	72.78	70.88	43.61	39.98	47.98



Risk management

TNG's risk management policy in connection to managing its financial assets can be summarized as follows:

Foreign exchange risk

TNG is exposed to the following currency risks: the transaction risk, which is the risk of a negative impact of fluctuations in foreign exchange rates against the Croatian kuna on TNG's cash flows from commercial activities; and the balance sheet risk, which is the risk that the net value of monetary assets on retranslation of kuna-denominated balances becomes lower as a result of changes in foreign exchange rates.

TNG operates internationally and is exposed to changes of US currency as significant amount of receivables and foreign revenues are stated in this currency. Current TNG policies do not include active hedging.

Interest rate risk

Interest rate risk is the risk of change in value of financial instruments due to changes in market interest rates. The risk of interest rate in cash flow is a risk that the interest expenditure on financial instruments will be variable during the period. As TNG has no significant interest-bearing assets, its operating income and cash flows from operations are not significantly exposed to fluctuations in market interest rates. TNG's interest rate risk arises from long-term borrowings. TNG is exposed to interest rate risk on its long-term borrowings that bear interest at variable

rates.

Arranging interest rate swaps with the key lenders provides for easing the risk of volatility in the variable interest rate, allowing the company, which operates in terms of pre-fixed income contracted to manage the profitability of operations fixing one of the major cost components.

Credit risk

Credit risk is the risk of failure by one party to meet commitments to the financial instruments, what could cause the financial loss to the other party. Maximum exposure to credit risk is expressed in the highest value of each of the financial asset in statement of financial position. Basic financial assets of TNG consist of cash and of account balance with banks, trade receivables and other receivables, and of investments. Credit risk in liquid funds is limited as the counterparty is often the bank that most international agencies assessed with high credit ratings.

Liquidity risk

The responsibility for managing liquidity risk rests with the Management Board which sets an appropriate liquidity risk management framework for the purpose of managing its short-term, medium-term and long-term funding and liquidity requirements. Liquidity risk, which is considered the risk of financing, is the risk of difficulties which the TNG may encounter in collecting funds to meet commitments associated with financial instruments. TNG has significant interest bearing non-

current liabilities for loans with variable interest that expose TNG to the risk of cash flows. Company manages liquidity risk through maintaining adequate reserves and loan facilities, in parallel to continuously comparing planned and relished cash flow and maturity of receivables and liabilities.

Price risk

TNG's activities expose it to price risk associated with changes in the freight rate. The daily freight rate (the spot rate) measured in USD per day, has historically been very volatile. In addition, TNG trades its spot exposed vessels in different pools that reduces the sensitivity to freight rate volatility by economies of scale and optimization of the fleet's geographical position.

Operational risk

Due to the risks involved in seaborne transportation of oil products as well as due to very stringent requirements by the "oil majors", safety and environmental compliance are TNG's top operational priorities. The Fleet Manager will operate TNG's vessels in a way so as to ensure maximum protection of the safety and health of staff, the general public and the environment. TNG and the Fleet Manager actively manage the risks inherent in TNG's business and are committed to eliminating incidents that would threaten safety and the integrity of the vessels. Fleet Manager uses a risk management program that includes, among other, computer-aided risk analysis tools, maintenance and assessment programs, seafarers competence training program, and seafarers workshops.

Daily rates

Time charter rates are usually fixed during the term of the charter. Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time and yield conservative profitability margins. Prevailing time charter rates fluctuate on a seasonal and year-to-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time charter rates is lower for longer-term time charters as opposed to shorter term time charters.

Employment strategy based on longer than one year time charter enables the mitigation of this type of risk.

TNG and its fleet manager are committed to the following standards, strategies and insurance:

- International Standards Organization's ("ISO") 9001 for quality assurance,
- ISO 14001 for environmental management systems,
- ISO 50001 for energy management systems and Occupational Health and Safety
- "OHSAS"18001 Safety Advisory Services
- ISM Code - International safety management code

Company strategy

The Company's strategy is to be a reliable, efficient and responsible provider of seaborne refined petroleum product transportation services and to manage and expand the Group in a manner that is believed will enable the Company to increase its distributable cash flow, enhance its ability to pay dividends and maximize value to its shareholders.

Business operations are based on the timely acquisition of tankers, ensuring efficient use of raised capital and debt minimization. Basically, fleet management is directed towards increasing cash flow and profitability through outsourcing majority of functions and services, maintaining a flexible and simple organizational structure unencumbered with additional overheads. This enables efficient assets and liabilities management and ensures a stable dividend return to shareholders.

Chartering strategy

Charterer's financial condition and reliability is an important factor in counterparty risk. TNG generally minimizes such risks by providing services to major energy corporations, large trading houses (including commodities traders), major crude and derivatives producers and other reputable entities with extenuating tradition in in seaborne transportation.

Insurance

The operation of any ocean-going vessel represents a potential risk of major losses and liabilities, death or injury of persons, as well as property damage caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. The transportation of oil is subject to the risk of pollution and to business interruptions due to political unrest, hostilities, labour strikes and boycotts. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

As an integral part of operating the vessels, TNG maintains insurance with first class international insurance providers to protect against the majority of accident-related risks in connection with the TNG's marine operations.

The Company believes that the TNG's current insurance program, is adequate to protect TNG against the majority of accident-related risks involved in the conduct of its business and that an appropriate level of protection and indemnity against pollution liability and environmental damage is maintained. TNG's goal is to maintain an adequate insurance coverage required by its marine operations and to actively monitor any new regulations and threats that may require the TNG to revise its coverage.



INTERIM FINANCIAL STATEMENTS

FOR PERIOD FROM 1ST JANUARY UNTIL 30TH SEPTEMBER, 2020

(UNAUDITED)

- I. Report of the Management Board on the Company's operations for the period from 1st January until 30th September, 2020
- II. Unaudited condensed quarterly financial statements:
 - Balance Sheet per as at 30th September, 2020
 - Profit and Loss Account for the period from 1st January until 30th September, 2020
 - Cash Flow Statement for the period from 1st January until 30th September, 2020
 - Statement of Changes in Equity for the period from 1st January until 30th September, 2020
 - Notes to the Financial Statements
- III. Statement of Responsibility for the Financial Statements

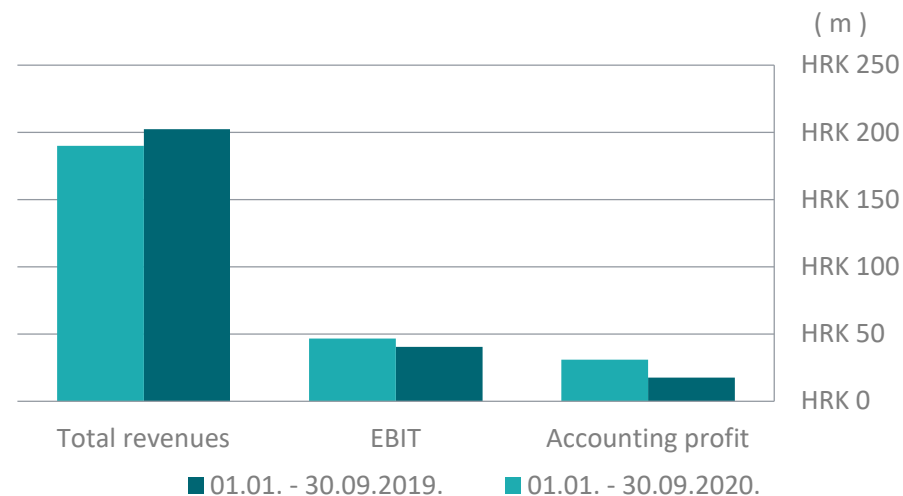
Report of the management board on the company's operations

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

TNG
Tankerska Next Generation

for the period from 1st January until 30th September, 2020

DESCRIPTION	Period	
	1 st Jan – 30 th Sep 2019	1 st Jan – 30 th Sep 2020
Total revenues	HRK 202,307,104	HRK 189,837,594
Operating revenues / Total revenues	100%	100%
Other revenues / Total revenues	0%	2%
International market / Total revenues	100%	100%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	42%	37%
Employee costs / Operating expenses	23%	26%
Financial expenses / Total Expenses	13%	10%
Net margin	8.70%	16.25%
Accounting profit	HRK 17,561,674	HRK 30,825,232
Operating profit (EBIT)	HRK 40,376,898	HRK 46,440,067



During the reporting period the Company reported HRK 189.7 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 143.2 million of operating costs. The majority of operating expenses are the material costs HRK 53.2 million, depreciation in the amount of HRK 39.5 million (including HRK 1.4 million of dry dock expenses), employee costs in the amount HRK 37.5 million and other expenses in the amount of HRK 13.0 million.

In the period ended 30th September 2020, financial income amounted to HRK 152 thousand while financial expenses amounted to HRK 15.8 million.

In the reporting period, the Company achieved cumulative profit in the amount of HRK 30.8m.

The Company's equity capital in the amount of HRK

436.7 million was allocated to 8.7 million of approved, issued and fully paid ordinary shares without nominal value.

In February 2020, the Company's Management Board decided to launch the Share Purchase Program (hereinafter: the Program) on the basis of the General Assembly authorization from 2016, beginning on February 24, 2020 and ending on February 24 2021. The maximum number of shares to be acquired during the Program is 110,000, and the largest amount allocated to the Program is HRK 5,000,000.

During 2020, the Company acquired 13,123 treasury shares. Details of each individual acquisition of treasury shares have been made public in accordance with the provisions of the Companies Act, the provisions of the Capital Market Act and the Rules of the Zagreb Stock Exchange.

As of September 30, 2020, the Company held 26,323 treasury shares, representing 0.3014% of the total number of shares. Reserves for treasury shares are formed from retained Company's earnings.

On September 30th, 2020, the Company has the following companies abroad:

1. Tanker Next Generation International Ltd., Majuro, Marshal Islands;
2. Fontana Shipping Company Limited, Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. Vukovar Shipping, LLC, Majuro, Marshal Islands;
5. Zoilo Shipping, LLC, Majuro, Marshal Islands;
6. Pag Shipping, LLC, Majuro, Marshal Islands.

The table above shows some of the most significant financial report data for the observed period.

Annex 1

ISSUER'S GENERAL DATA

Reporting period: to
 Year:
 Quarter:

Quarterly financial statements

Registration number (MB): Issuer's home Member State code:
 Entity's registration number (MBS):
 Personal identification number (OIB): LEI:
 Institution code:

Name of the issuer:
 Postcode and town:

Street and house number:
 E-mail address:
 Web address:

Number of employees (end of the reporting):
 Consolidated report: (KN-not consolidated/KD-consolidated)
 Audited: (RN-not audited/RD-audited)

Names of subsidiaries (according to IFRS): Registered office: MB:

Bookkeeping firm: (Yes/No) (name of the bookkeeping firm)

Contact person: (only name and surname of the contact person)
 Telephone:

E-mail address:
 Audit firm: (name of the audit firm)
 Certified auditor: (name and surname)

BALANCE SHEET

balance as at 30.09.2020

in HRK

Submitter: Tankerska Next Generation d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	1,165,009,408	1,120,096,793
INTANGIBLE ASSETS (ADP 004 to 009)	003	0	0
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
III TANGIBLE ASSETS (ADP 011 to 019)	010	1,164,900,179	1,119,990,799
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	1,162,133,624	1,100,240,730
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	2,560,722	4,388,436
7 Tangible assets in preparation	017	205,833	15,361,633
8 Other tangible assets	018	0	0
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	109,229	105,994
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	109,229	105,994
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	0	0
VI CURRENT ASSETS (ADP 038+046+053+063)	037	89,135,543	79,291,079
INVENTORIES (ADP 039 to 045)	038	5,360,667	8,454,087
1 Raw materials and consumables	039	5,360,667	8,454,087
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	16,063,267	31,968,925
1 Receivables from undertakings within the group	047	0	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	15,977,046	31,494,383
4 Receivables from employees and members of the undertaking	050	6,532	33,385
5 Receivables from government and other institutions	051	25,915	42,055
6 Other receivables	052	53,774	399,102
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	6,649,911	9,679,484
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	6,649,911	9,679,484
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	61,061,698	29,188,583
D) PREPAID EXPENSES AND ACCRUED INCOME	064	3,241,424	6,577,958
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1,257,386,375	1,205,965,830
OFF-BALANCE SHEET ITEMS	066	0	0

Balance sheet

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

LIABILITIES					
A) CAPITAL AND RESERVES (ADP 068 to	067	665,234,069	672,562,702		
I INITIAL (SUBSCRIBED) CAPITAL	068	436,667,250	436,667,250		
II CAPITAL RESERVES	069	68,425,976	68,425,976		
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	69,944,055	48,169,136		
1 Legal reserves	071	3,951,238	5,118,250		
2 Reserves for treasury shares	072	996,600	1,551,268		
3 Treasury shares and holdings (deductible item)	073	-996,600	-1,551,268		
4 Statutory reserves	074	0	0		
5 Other reserves	075	65,992,817	43,050,886		
IV REVALUATION RESERVES	076	0	0		
V FAIR VALUE RESERVES (ADP 078 to 080)	077	0	0		
1 Fair value of financial assets available for sale	078	0	0		
2 Cash flow hedge - effective portion	079	0	0		
3 Hedge of a net investment in a foreign operation - effective portion	080	0	0		
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 082-083)	081	66,856,546	88,475,108		
1 Retained profit	082	66,856,546	88,475,108		
2 Loss brought forward	083	0	0		
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	23,340,242	30,825,232		
1 Profit for the business year	085	23,340,242	30,825,232		
2 Loss for the business year	086	0	0		
VIII MINORITY (NON-CONTROLLING) INTEREST	087	0	0		
B) PROVISIONS (ADP 089 to 094)	088	0	0		
1 Provisions for pensions, termination benefits and similar obligations	089	0	0		
2 Provisions for tax liabilities	090	0	0		
3 Provisions for ongoing legal cases	091	0	0		
4 Provisions for renewal of natural resources	092	0	0		
5 Provisions for warranty obligations	093	0	0		
6 Other provisions	094	0	0		
C) LONG-TERM LIABILITIES (ADP 096 to 106)	095	497,362,042	482,633,796		
1 Liabilities to undertakings within the group	096	0	0		
2 Liabilities for loans, deposits, etc. of undertakings within the group	097	0	0		
3 Liabilities to companies linked by virtue of participating interests	098	0	0		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	099	0	0		
5 Liabilities for loans, deposits etc.	100	0	0		
6 Liabilities to banks and other financial institutions	101	497,362,042	482,633,796		
7 Liabilities for advance payments	102	0	0		
8 Liabilities to suppliers	103	0	0		
9 Liabilities for securities	104	0	0		
10 Other long-term liabilities	105	0	0		
11 Deferred tax liability	106	0	0		
D) SHORT-TERM LIABILITIES (ADP 108 to 121)	107	74,283,247	40,249,587		
1 Liabilities to undertakings within the group	108	1,788,218	7,565,381		
2 Liabilities for loans, deposits, etc. of undertakings within the group	109	0	0		
3 Liabilities to companies linked by virtue of participating interests	110	0	0		
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	111	0	0		
5 Liabilities for loans, deposits etc.	112	0	0		
6 Liabilities to banks and other financial institutions	113	62,387,128	15,134,919		
7 Liabilities for advance payments	114	0	0		
8 Liabilities to suppliers	115	5,128,524	12,947,602		
9 Liabilities for securities	116	0	0		
10 Liabilities to employees	117	4,769,215	4,451,351		
11 Taxes, contributions and similar liabilities	118	111,495	51,667		
12 Liabilities arising from the share in the result	119	53,774	53,774		
13 Liabilities arising from fixed assets held for sale	120	0	0		
14 Other short-term liabilities	121	44,893	44,893		
E) ACCRUALS AND DEFERRED INCOME	122	20,507,017	10,519,745		
F) TOTAL - LIABILITIES (ADP 067+088+095+107+122)	123	1,257,386,375	1,205,965,830		
G) OFF-BALANCE SHEET ITEMS	124	0	0		

Statement of profit or loss

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

STATEMENT OF PROFIT OR LOSS for the period 01.01.2020 to 30.09.2020

in HRK

Submitter: Tankerska Next Generation d.d.

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
I OPERATING INCOME (ADP 126 to 130)	125	201,887,604	65,156,084	189,685,940	52,550,760
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	201,155,268	65,029,122	185,712,218	48,583,427
3 Income from the use of own products, goods and services	128	0	0	0	0
4 Other operating income with undertakings within the group	129	0	0	0	0
5 Other operating income (outside the group)	130	732,336	126,972	3,973,722	3,967,333
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	161,510,706	46,710,609	143,245,873	50,171,766
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	68,098,650	13,746,157	63,206,963	22,507,816
a) Costs of raw materials and consumables	134	32,283,813	4,888,232	23,273,062	10,360,621
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	35,784,837	8,857,925	29,933,901	12,147,195
3 Staff costs (ADP 138 to 140)	137	37,761,320	13,046,766	37,456,295	11,551,890
a) Net salaries and wages	138	37,427,251	12,933,919	36,951,693	11,329,795
b) Tax and contributions from salary costs	139	241,834	81,719	366,557	157,565
c) Contributions on salaries	140	92,235	31,118	148,045	64,530
4 Depreciation	141	39,243,626	13,644,604	39,512,841	12,677,973
5 Other costs	142	13,747,975	4,847,944	12,694,848	3,434,087
6 Value adjustments (ADP 144+145)	143	0	0	0	0
a) fixed assets other than financial assets	144	0	0	0	0
b) current assets other than financial assets	145	0	0	0	0
7 Provisions (ADP 147 to 152)	146	0	0	0	0
a) Provisions for pensions, termination benefits and similar obligations	147	0	0	0	0
b) Provisions for tax liabilities	148	0	0	0	0
c) Provisions for ongoing legal cases	149	0	0	0	0
d) Provisions for renewal of natural resources	150	0	0	0	0
e) Provisions for warranty obligations	151	0	0	0	0
f) Other provisions	152	0	0	0	0
8 Other operating expenses	153	2,688,935	1,225,148	374,926	0
III FINANCIAL INCOME (ADP 155 to 164)	154	419,500	86,588	151,654	96,121
1 Income from investments in holdings (shares) of undertakings within the group	155	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	156	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	157	0	0	0	0
4 Other interest income from operators with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operators with undertakings within the group	159	44,308	44,308	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	367,732	42,280	78,423	32,236
8 Exchange rate differences and other financial income	162	7,460	0	73,231	63,883
9 Unrealised gains (income) from financial assets	163	0	0	0	0
10 Other financial income	164	0	0	0	0
IV FINANCIAL EXPENSES (ADP 166 to 172)	165	23,234,724	7,353,537	15,766,489	4,104,126
1 Interest expenses and similar expenses with undertakings within the group	166	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	167	0	0	39,193	39,193
3 Interest expenses and similar expenses	168	23,234,724	7,304,437	15,727,296	4,064,933
4 Exchange rate differences and other expenses	169	0	49,100	0	0
5 Unrealised losses (expenses) from financial assets	170	0	0	0	0
6 Value adjustments of financial assets (net)	171	0	0	0	0
7 Other financial expenses	172	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	173	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	174	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	175	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	176	0	0	0	0
IX TOTAL INCOME (ADP 125+154+173 + 174)	177	202,307,104	65,242,692	189,837,594	52,646,881
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	184,745,430	54,064,146	159,012,382	54,275,892
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	17,561,674	11,178,546	30,825,232	-1,629,011
1 Pre-tax profit (ADP 177-178)	180	17,561,674	11,178,546	30,825,232	0
2 Pre-tax loss (ADP 178-177)	181	0	0	0	-1,629,011
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	17,561,674	11,178,546	30,825,232	-1,629,011
1 Profit for the period (ADP 179-182)	184	17,561,674	11,178,546	30,825,232	0
2 Loss for the period (ADP 182-179)	185	0	0	0	-1,629,011

Statement of profit or

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

loss

DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)						
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 187-188)						
1 Pre-tax profit from discontinued operations	187	0	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS						
1 Discontinued operations profit for the period (ADP 186-189)	190	0	0	0	0	0
2 Discontinued operations loss for the period (ADP 189-186)	191					
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)						
XVI PRE-TAX PROFIT OR LOSS (ADP 179+-186)						
1 Pre-tax profit (ADP 192)	192	0	0	0	0	0
1 Pre-tax profit (ADP 192)	193	0	0	0	0	0
2 Pre-tax loss (ADP 192)	194	0	0	0	0	0
XVII INCOME TAX (ADP 182+-189)						
1 Profit for the period (ADP 192-195)	195	0	0	0	0	0
1 Profit for the period (ADP 192-195)	196	0	0	0	0	0
2 Loss for the period (ADP 195-192)	197	0	0	0	0	0
2 Loss for the period (ADP 195-192)	198					
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)						
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 200+201)						
1 Attributable to owners of the parent	199	0	0	0	0	0
2 Attributable to minority (non-controlling) interest	200	0	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	0	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)						
I PROFIT OR LOSS FOR THE PERIOD						
	202	17,561,674	11,178,546	30,825,232	-1,629,011	
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)						
1 Exchange rate differences from translation of foreign operations	203	29,608,192	27,254,638	-22,941,931	-26,660,443	
1 Exchange rate differences from translation of foreign operations	204	29,608,192	27,254,638	-22,941,931	-26,660,443	
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0	0
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	0	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0	0
5 Profit or loss arising from effective hedge of a net investment in a foreign operation	208	0	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0	0
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD						
	212	0	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)						
	213	29,608,192	27,254,638	-22,941,931	-26,660,443	
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	29,608,192	27,254,638	-22,941,931	-26,660,443	
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)						
	214	47,169,866	38,433,184	7,883,301	-28,289,454	
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	47,169,866	38,433,184	7,883,301	-28,289,454	
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)						
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 216+217)						
1 Attributable to owners of the parent	215	0	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0	0

STATEMENT OF CASH FLOWS - Indirect method

for the period 01.01.2020 to 30.09.2020

in HRK

Submitter: Tankerska Next Generation d.o.o.

Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	17.561.674	30.825.232
2 Adjustments (ADP 003 to 010):	002	62.099.642	51.804.215
a) Depreciation	003	39.243.826	39.512.841
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-367.732	-78.423
e) Interest expenses	007	22.702.184	15.727.297
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	521.364	-3.352.385
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	-5.115
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	79.661.316	82.629.447
3 Changes in the working capital (ADP 013 to 016)	012	14.286.243	-23.254.463
a) Increase or decrease in short-term liabilities	013	15.487.065	-356.961
b) Increase or decrease in short-term receivables	014	-8.884.169	-19.804.082
c) Increase or decrease in inventories	015	7.683.347	-3.093.420
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	93.947.559	59.374.984
4 Interest paid	018	-23.392.058	-17.149.447
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	70.555.501	42.225.537
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	1.228.449	92.740
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	1.228.449	92.740
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-2.176.593	-22.555.414
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-2.176.593	-22.555.414
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-948.144	-22.462.674
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	0
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	0
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-72.553.422	-47.542.547
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	-554.668
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-72.553.422	-48.097.215
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-72.553.422	-48.097.215
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	1.921.080	-509.190
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-1.024.985	-28.843.542
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	56.389.289	67.711.609
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (ADP 048+049)	050	55.364.304	38.868.067

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

STATEMENT OF CHANGES IN EQUITY																	
for the period from 01/01/2020 to 30/09/2020																	
Item	ADP code	Attributable to owners of the parent														in HRK	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)
Previous period																	
1 Balance on the first day of the previous business year	01	436,667,250	68,425,976	3,637,013	996,600	996,600		48,326,613	0	0	0	0	67,170,771	0	624,227,623	0	624,227,623
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	436,667,250	68,425,976	3,637,013	996,600	996,600	0	48,326,613	0	0	0	0	67,170,771	0	624,227,623	0	624,227,623
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	17,561,674	17,561,674	0	17,561,674
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	29,608,192	0	0	0	0	0	0	29,608,192	0	29,608,192
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	18	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
19 Payment of share in profit/dividend	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	21	0	0	314,225	0	0	0	0	0	0	0	0	-314,225	0	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the previous business year reporting period (04 to 22)	23	436,667,250	68,425,976	3,951,238	996,600	996,600	0	77,934,805	0	0	0	0	66,856,546	17,561,674	671,397,489	0	671,397,489
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																	
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	24	0	0	0	0	0	0	29,608,192	0	0	0	0	0	0	29,608,192	0	29,608,192
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	29,608,192	0	0	0	0	17,561,674	0	47,169,866	0	47,169,866
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	314,225	0	0	0	0	0	0	0	0	-314,225	0	0	0	0

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

Current period																
1 Balance on the first day of the current business year	27	436,667,250	68,425,976	3,951,238	996,600	996,600	0	65,992,817	0	0	0	0	90,196,788	665,234,069	0	665,234,069
2 Changes in accounting policies	28															
3 Correction of errors	29															
4 Balance on the first day of the current business year (restated) (ADP 27 to 29)	30	436,667,250	68,425,976	3,951,238	996,600	996,600	0	65,992,817	0	0	0	0	90,196,788	665,234,069	0	665,234,069
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	30,825,232	30,825,232	0	30,825,232
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	-22,941,931	0	0	0	0	0	-22,941,931	0	-22,941,931
7 Changes in revaluation reserves of fixed tangible and intangible assets	33	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Profit or loss arising from subsequent measurement of financial assets available for sale	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Increase/decrease in initial (subscribed) capital (other than from reinvesting profit and other than arising from the pre-bankruptcy settlement procedure)	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Increase in initial (subscribed) capital arising from the reinvestment of profit	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Increase in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	44	0	0	0	554,668	554,668	0	0	0	0	0	-554,668	0	-554,668	0	-554,668
19 Payment of share in profit/dividend	45	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Other distribution to owners	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Transfer to reserves according to the annual schedule	47	0	0	1,167,012	0	0	0	0	0	0	0	-1,167,012	0	0	0	0
22 Increase in reserves arising from the pre-bankruptcy settlement procedure	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Balance on the last day of the current business year reporting period (ADP 30 to 48)	49	436,667,250	68,425,976	5,118,250	1,551,268	1,551,268	0	43,050,886	0	0	0	88,475,108	30,825,232	672,562,702	0	672,562,702
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 32 to 40)	50	0	0	0	0	0	0	-22,941,931	0	0	0	0	0	-22,941,931	0	-22,941,931
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	-22,941,931	0	0	0	0	30,825,232	7,883,301	0	7,883,301
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	1,167,012	554,668	554,668	0	0	0	0	0	-1,721,680	0	-554,668	0	-554,668

1. General information

Tankerska Next Generation was incorporated in 2014 in the Republic of Croatia. It's headquarter is at Božidara Petranovića 4, Zadar, Croatia.

Management Board:

- John Karavanić, the sole member of the Board

Supervisory board members from January 1st, 2020 up to the reporting date:

- Ivica Pijaca, chairman
- Mario Pavić, vice chairman
- Nikola Koščica, member
- Joško Miliša, member
- Dalibor Fell, member

As of September 30th, 2020 Tankerska Next Generation's Inc. share capital amounted to HRK 436,667,250 divided into 8,733,345 TPNG-R-A ordinary shares with no par value.

The Financial Statements for the period ending September 30th, 2020 include assets and liabilities, revenues and expenses respectively of Tankerska Next Generation Inc. and its international subsidiaries (companies engaged in international shipping). All companies are managed by Tankerska Next Generation Inc. from the sole headquarters and by the same Management Board. Pursuant to the Article 429.a, section 4 of the Maritime Code ("Official Gazette" No. 181/04., 76/07., 146/08., 61/11., 56/13., 26/15. and 17/19.) Tankerska Next Generation Inc. is obliged to conduct accounting and prepare financial statements for all domestic and international business operations, including all shipping companies in which it holds the majority ownership and which are engaged in vessel operations with their net tonnage being included in the tonnage tax calculation.

For some of Tankerska Next Generation Inc. subsidiaries that, pursuant to the regulations of the states they have been founded in, are not obliged to keep business books and prepare financial statements, Tankerska Next Generation Inc., in accordance with the Accounting Act and the Income Tax Act, states their assets and liabilities, revenues and expenses respectively, within its financial statements.

2. Principal accounting policies

Tankerska Next Generation Inc. financial statements include assets and liabilities, revenues and expenses of the following fully owned subsidiaries:

1. Tankerska Next Generation International Ltd., Majuro, Marshall Islands;
2. Fontana Shipping Company Ltd., Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. Vukovar Shipping, LLC, Majuro, Marshall Islands;
5. Zoilo Shipping, LLC, Majuro, Marshall Islands;
6. Pag Shipping, LLC, Majuro Marshall Islands.

The Financial statements for the period ending September 30th, 2020 do not include all information important for comprehension of the current period in the course of the year and should be read together with the Company's Financial Statements as at 31st December, 2019.

Financial statements have been prepared based on the same accounting policies, presentations and calculation methods as the ones used during preparation of the financial statements for the period ending 31st December 2019.

3. Vessels and equipment

During the observed period, the Company invested HRK 12.7m in the procurement of ballast water treatment systems.

In the third quarter, the company invested HRK 9.8 million in the regular five-year drydock of the product tankers m/t "Vukovar", "Dalmacija" and "Zoilo". In accordance with the adopted docking policy, docking costs are capitalized as an integral part of the ship in the business books of the owner "Tankerska Next Generation International Ltd.", and are depreciated on a straight-line basis over the five-year period until the next docking.

4. Equity and reserves

In 2020, the Company began to purchase treasury shares due to the introduction of a treasury share repurchase program, which runs through February 24, 2021 at the latest. As part of this program, the Company purchased 13,123 treasury shares in the observed period for a total value of HRK 555 thousand. Reserves for treasury shares are formed from retained earnings of the Company.

As of September 30, 2020, the Company held 26,323 treasury shares, representing 0.3014% of the total number of shares (September 30, 2019: 13,200 treasury shares, representing 0.3014% of the total number of shares)

5. Earnings per Share

EARNINGS PER SHARE	Period 1 st Jan - 30 th Sep 2019	Period 1 st Jan - 30 th Sep 2020
Net (loss) / profit to shareholders	17,561,674	30,825,232
Weighted average number of shares	8,720,145	8,710,299
Basic (loss) / earnings per share	HRK 2.01	HRK 3.54

Since the Company has no potential dilutable ordinary shares, basic and diluted earnings per share are identical.

6. Transactions with the Related Parties

RELATED PARTY TRANSACTIONS	Period 1 st Jan - 30 th Sep 2019	Period 1 st Jan - 30 th Sep 2020
Sales to related parties	HRK 0	HRK 0
Purchase from related parties	HRK 13,633,903	HRK 8,899,343
Receivables from related parties	HRK 0	HRK 0
Liabilities towards related parties	HRK 10,511,155	HRK 7,565,381
Given loans to related parties	HRK 0	HRK 0
Received loans from related parties	HRK 0	HRK 0

7. Subsequent events after Balance Sheet date

Impact of COVID-19 on the Company's operations

The MR tanker market remains very volatile due to the uncertain recovery from the COVID-19 pandemic.

Apart from the above, there were no other events after the balance sheet date that would significantly affect the Company's financial statements as at September 30, 2020.

The financial statements for the period starting January 1st, 2020 and ending September 30th, 2020 have been prepared by applying the International Financial Reporting Standards and provide an accurate and truthful review of assets, liabilities, profit and loss, financial position and operating of the Company.

The report of the Management Board on the Company's operations for the period starting on January 1st, 2020, and ending on September 30th, 2020, contains a fair presentation of the Company's development, operating results and position with the description of significant risks and uncertainty the Company is exposed to.

Zadar, November 29th, 2020



John Karavanić, CEO

The Group uses a variety of industry terms and concepts when analysing its own performance. These include the following:

Revenue Days. Revenue Days represent the total number of calendar days the Group's vessels were in possession of the Group during a period, less the total number of Off-Hire Days during that period generally associated with repairs, drydocking or special or intermediate surveys.

Consequently, Revenue Days represent the total number of days available for a vessel to earn revenue. Idle days, which are days when a vessel is available to earn revenue, yet is not employed, are included in Revenue Days. The Group uses Revenue Days to explain changes in its net voyage revenues (equivalent to time charter earnings) between periods.

Off-Hire Days. Off-Hire Days refer to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs or drydocking.

When a vessel is off-hire, or not available for service, the charterer is generally not required to pay the charter hire rate and the Group will be responsible for all costs, including the cost of fuel bunkers unless the charterer is responsible for the circumstances giving rise to the lack of availability. Prolonged off-hire may obligate the vessel owner to provide a substitute vessel or permit the charter termination.

The Group's vessels may be out of service, that is, off-hire, for several reasons: scheduled drydocking, special surveys, vessel upgrade or maintenance or inspection, which are referred to as scheduled off-hire; and unscheduled repairs, maintenance, operational deficiencies, equipment breakdown, accidents/incidents, crewing strikes, certain vessel detentions or similar problems, or charterer's failure to maintain the vessel in compliance with its specifications and contractual and/or market standards (for example major oil company acceptances) or to man a vessel with the required crew, which is referred to as unscheduled off-hire.

Operating Days. Operating Days represent the number of days the Group's vessels are in operation during the year. Operating Days is a measurement that is only applicable to owned and not bareboated or chartered-in vessels. Where a vessel is under the Group's ownership for a full year, Operating Days will generally equal calendar days. Days when a vessel is in a dry dock are included in the calculation of Operating Days as the Group still incurs vessel operating expenses.

Operating Days are an indicator of the size of the fleet over a period of time and affect both revenues and expenses recorded during that period.

Time Charter Equivalent (TCE). TCE is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time

charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed per day as charter hire rates for vessels on time charters are. Therefore the net equivalent of a daily time voyage rate is expressed in net daily time charter rate.

(Net) TCE earnings. The Group defines time charter equivalent earnings, or TCE earnings, as vessel revenues less commissions and voyage-related costs (both major and minor) during a period.

(Net) TCE rates. The Group defines time charter equivalent rates, or **TCE rates**, as vessel revenues less commission and voyage related costs (both major and minor) during a period divided by the number of Revenue Days during that period. TCE rates is a measure of the average daily revenue performance of a vessel or a fleet, achieved on a given voyage or voyages and it is expressed in US dollars per day. TCE rates correspond to the net voyage earnings per day. The Group's definition of TCE rates may not be the same as that used by other companies in the shipping or other industries. The Group uses the foregoing methodology for calculating TCE rates and TCE earnings in cases of both time charter and voyage charter contracts.

Gross Time Charter rates (GTC rates). The Group defines gross time charter rates, or GTC rates, as vessel revenues during a period divided by the number of Revenue Days during that period. GTC rates should reflect the average daily charter rate of a vessel or a fleet and is expressed in US dollars per day. The Group's definition of GTC rate may not be the same as that used by other companies in the shipping or other industries.

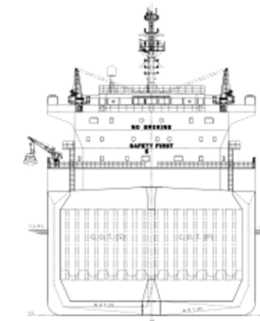
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability

to efficiently operate vessels incurring operating expenses and to limit these expenses.

Daily vessel operating expenses represent vessel operating expenses divided by the number of Operating Days of vessels incurring operating expenses and is expressed in US dollars per day.

Average number of vessels. Historical average number of owned vessels consists of the average number of vessels that were in the Group's possession during a period. The Group uses average number of vessels primarily to highlight changes in vessel operating costs.

Fleet utilization. Fleet utilization is the percentage of time that the Group's vessels generate revenues. The shipping industry uses fleet utilization to measure a company's efficiency in finding employment for its vessels and in minimizing the number of days that its vessels are off-hire for reasons such as scheduled repairs, drydocking, surveys or other reasons other than commercial waiting time. Fleet utilization is calculated by dividing the number of Revenue Days during a period by the number of Operating Days during that period.



The Group's performance can be affected by some of the following types of charter contracts:

Time charter. Time charter is a contract under which a charterer pays a fixed daily hire rate on a semi-monthly or monthly basis for a fixed period of time for using the vessel. Subject to any restrictions in the charter, the charterer decides the type and quantity of cargo to be carried and the ports of loading and unloading. Under a time charter the charterer pays substantially all of the voyage-related costs (etc. port costs, canal charges, cargo manipulation expenses, fuel expenses and others). The vessel owner pays commissions on gross voyage revenues and the vessel operating expenses (etc. crew wages, insurance, technical maintenance and other).

Time charter rates are usually fixed during the term of the charter. Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating under voyage charters in the spot market during periods characterized by favourable market conditions. Prevailing time charter rates fluctuate on a seasonal and year-on-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time

charter rates is lower for longer-term time charters compared to shorter-term time charters.

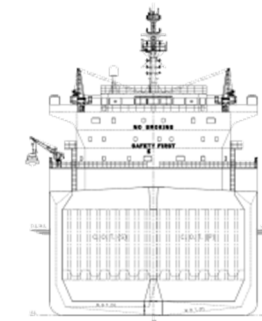
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo loaded on board by the cost per cargo tonne. The owner is responsible for the payment of all expenses including commissions, voyage-related costs, operating expenses and capital costs of the vessel. The charterer is typically responsible for any costs associated with any delay at the loading or unloading ports. Voyage charter rates are volatile and fluctuate on a seasonal and year-on-year basis.

Other charters. Besides the two most common charters (time and voyage) the shipping industry provides other types of contracts between the ship owner and the charterer:

- **Bareboat charter.** Bareboat charter is a contract pursuant to which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, and the charterer provides for all of the vessel's operating expenses in addition to

the commissions and voyage related costs, and generally assumes all risk of operation. The charterer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during the term of the charter consistent with applicable classification society requirements.

- **Time charter trip.** Time charter trip is a short term time charter where the vessel performs a single voyage between loading port(s) and unloading port(s). Time charter trip has all the elements of a time charter including the upfront fixed daily hire rate.



Important financial and operating terms and concepts

The Group uses a variety of financial and operational terms and concepts when analysing its own performance. These include the following:

Vessel revenues. The Group generates revenues by charging customers for the transportation of their oil products using its own vessels. Historically, the Operating Fleet's services have generally been provided under time charters although the Group may enter into voyage charters in the future. The following describes these basic types of contractual relationships:

Time charters, under which the vessels are chartered to customers for a fixed period of time at rates that are generally fixed; and

Voyage charters, under which the vessels are chartered to customers for shorter intervals that are priced on a current or "spot" market rate

Under a time charter the charterer pays substantially all of the voyage-related costs. The vessel owner pays commissions on gross vessel revenues and also the vessel operating expenses. Time charter rates are usually fixed during the term of the charter.

Vessels operating under time charters provide

more predictable cash flows over a given period of time, but can yield lower profit margins than vessels operating under voyage charters in the spot market during periods characterized by favourable market conditions. Prevailing time charter rates fluctuate on a seasonal and year-on-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time charter rates is lower for longer-term time charters as opposed to shorter-term time charters.

Other revenues. Other revenues primary includes revenues from charterers for other services and revenues from profit commission on insurance policies.

Primary distinction among these types of charters and contracts

	Time charter	Voyage charter
Typical contract length	1-5 years	Single voyages, consecutive voyages and contracts of affreightment (COA)
Hire rate basis (1)	Daily	Varies
Commercial fee (2)	The Group pays	The Group pays
Commissions (2)	The Group pays	The Group pays
Major Vessel related costs (2)	Customer pays	The Group pays
Minor Vessel related cost (2)	The Group pays	The Group pays
Vessel operating costs (2)	Customer does not pay	Customer does not pay

(1) 'Hire' rate refers to the basic payment from the charterer for the use of the vessel

(2) See 'Important Financial and Operational Terms and Concepts below'

(3) 'Off-hire' refers to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs and drydockings

Commercial fee. Commercial fees expenses include fees paid to the Fleet Manager, under the Management Agreement, for providing the Group with chartering and commercial management services.

Commissions. Commissions are realized in two basic forms: addressed commission and brokerage commission.

Addressed commission is commission payable by the ship owner to the charterer, regardless of charter type and is expressed as a percentage of the freight or hire. This commission is a reimbursement to the charterer for costs incurred in relation to the chartering of the vessel either to third party brokers or by the charterer's shipping department.

Brokerage commission is payable under a time charter on hire. Subject to the precise wording of the charter, the broker's entitlement to commission will therefore only arise when the charterers remit hire or is recovered by some other means. Commission under a voyage charter is payable on freight, and may also be payable on deadfreight and demurrage.

Voyage-related costs. Voyage-related costs are typically paid by the ship owner under voyage charters and by the customer under time charters. Voyage-related costs are all expenses which pertain to a specific voyage. The Group differs major and minor voyage-related costs.

Most of the voyage-related costs are incurred in connection with the employment of the fleet on the spot market (voyage charter) and under COAs (contracts of affreightment). Major voyage-related costs include bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees, extra war risks insurance and any other expenses related to the cargo are typically paid by the customer.

Minor voyage-related expenses such as draft surveys, tank cleaning, postage and other minor miscellaneous expenses related to the voyage may occur and are typically paid by the ship owner. From time to time, the ship owner may also pay a small portion of above mentioned major voyage-related costs.

Vessel operating costs. The Group is responsible for vessel operating costs which include crewing, repairs and maintenance, lubricants, insurance, spares, stores, registration and communication and sundries.

Vessel operating costs also includes management fees paid to the Fleet Manager, under the Management Agreement, for providing the Group with technical and crew management, insurance arrangements and accounting services.

The largest components of vessel operating costs are generally crews and repairs and maintenance. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs

and maintenance typically occur during periodic drydocking. These expenses may tend to increase as these vessels mature and thus the extent of maintenance requirements expands.

Depreciation and amortization. The Group depreciates the original cost, less an estimated residual value, of its vessels on a straight-line basis over each vessel's estimated useful life. The estimated useful life of 25 years is the Management Board's best estimate and is also consistent with industry practice for similar vessels. The residual value is estimated as the lightweight tonnage of each vessel multiplied by an estimated scrap value (cost of steel) per tone. The scrap value per tone is estimated taking into consideration the historical Indian sub-continent five year scrap market rate.

Depreciation expense typically consists of charges related to the depreciation of the historical cost of the vessels (less an estimated residual value) over the estimated useful lives of the vessels and charges relating to the depreciation of upgrades to vessels, which are depreciated over the shorter of the vessel's remaining useful life or the life of the renewal or upgrade. The Group reviews the estimated useful life of vessels at the end of each annual reporting period.

Drydocking and surveys (special and intermediate).

The vessels are required to undergo planned drydocking for replacement of certain components, major repairs and maintenance of other components, which cannot be carried out while the vessels are operating, approximately every 30 months or 60 months depending on the nature of work and external requirements. The Group intend to periodically drydock each of vessels for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. The number of drydocking undertaken in a given period and the nature of the work performed determine the level of drydocking expenses.

Vessel impairment. The carrying amounts of the vessels are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exists, the vessel's recoverable amount is estimated. Vessels that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The carrying values of the vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuilds. Historically, both the charter rates and vessel values have been cyclical in nature.

Management Board's judgment is critical in assessing whether events have occurred that may impact the carrying value of the vessels and in developing estimates of future cash flows, future charter rates, vessel operating expenses, and the estimated useful lives and residual values of those vessels. These estimates are based on historical trends as well as future expectations. Management Board's estimates are also based on the estimated fair values of their vessels obtained from independent ship brokers, industry reports of similar vessel sales and evaluation of current market trends.

General and administrative expenses. General and administrative expenses comprise of the administrative staff costs, management costs, office expenses, audit, legal and professional fees, travel expenses and other expenses relating to administration.

Interest expense and finance costs. Interest expense and finance costs comprise of interest payable on borrowings and loans and foreign exchange gains and losses.

Tonnage tax. The tonnage tax regime is introduced into the Croatian maritime legislation by new amendments to the Maritime Act and is applicable from January 1, 2014. According to the relevant provisions of the Maritime Act ("Maritime Act"), qualifying companies may choose to have their

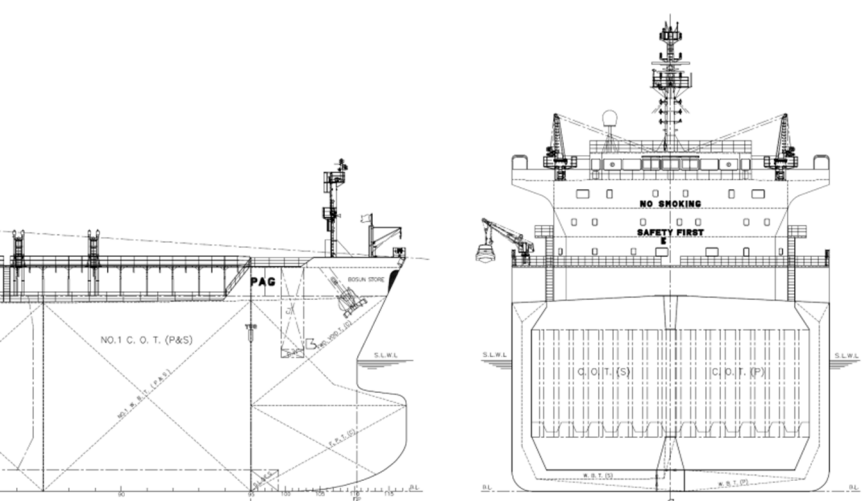
shipping activities taxed on the basis of the net tonnage of their fleet instead of on the basis of their actual profits. Companies, having opted for the tonnage tax, must remain subject to this regime for the following 10 years. The qualifying company has to be a shipping company liable under the Croatian corporate tax on any profits it generates. Furthermore, it must operate the vessels which satisfy all applicable requirements, and most importantly, the qualifying company must be carrying out the strategic and commercial management activities of vessels in Croatia.

In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the fleet under management.


Summary of expenses. Under voyage charters, the Group will be responsible for commissions, all vessel voyage-related costs and operating expenses. Under time charters, the charterer generally pays commissions, operating expenses and minor voyage-related costs. For both types of contracts the Group is responsible to pay fees to the Fleet Manager, under the Management Agreement.

Important financial and operating terms and concepts

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020



EXPENSE TYPE	MAIN COMPONENTS	TIME CHARTER	VOYAGE CHARTER
Capital	Capital Principal Repayment Interest		
Operating	Crewing Repairs and Maintenance Lubricants Insurance Spares and stores Registration, communication and sundries <i>Management fee*</i> - <i>technical management</i> - <i>crew management</i> - <i>insurance arrangements</i> - <i>accounting services</i>		
Commissions	Address Brokerage		
Commercial fee*	<i>Chartering and commercial management services</i>		
Voyage (minor)	Draft surveys Tank cleaning Postage Other minor miscellaneous expenses		
Voyage (major)	Bunker fuel expenses Port fees Cargo loading and unloading expenses Canal tolls Agency fees Extra war risks insurance Other expenses related to the cargo		

 Ship-owner payments

 Charterer payments

* fees paid to the Fleet Manager, under the Management Agreements

Cautionary note regarding forward-looking statements

UNAUDITED FINANCIAL STATEMENTS FOR THE
THIRD QUARTER AND THE FIRST NINE MONTHS OF 2020

Certain statements in this document are not historical facts and are forward-looking statements. They appear in a number of places throughout this document. From time to time, the Group may make written or oral forward-looking statements in reports to shareholders and in other communications. Forward-looking statements include statements concerning the Group's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditure, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, business strategy and the trends which the Group anticipates in the industries and the political and legal environment in which it operates and other information that is not historical information.

Words such as „believe“, „anticipate“, „estimate“, „expect“, „intend“, „predict“, „project“, „could“, „may“, „will“, „plan“ and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they were made.

Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than as required by applicable laws and the Zagreb Stock Exchange Rules. The Company makes no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

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