

TANKERSKA NEXT GENERATION

UNAUDITED FINANCIAL STATEMENTS FOR THE
FIRST QUARTER OF 2020

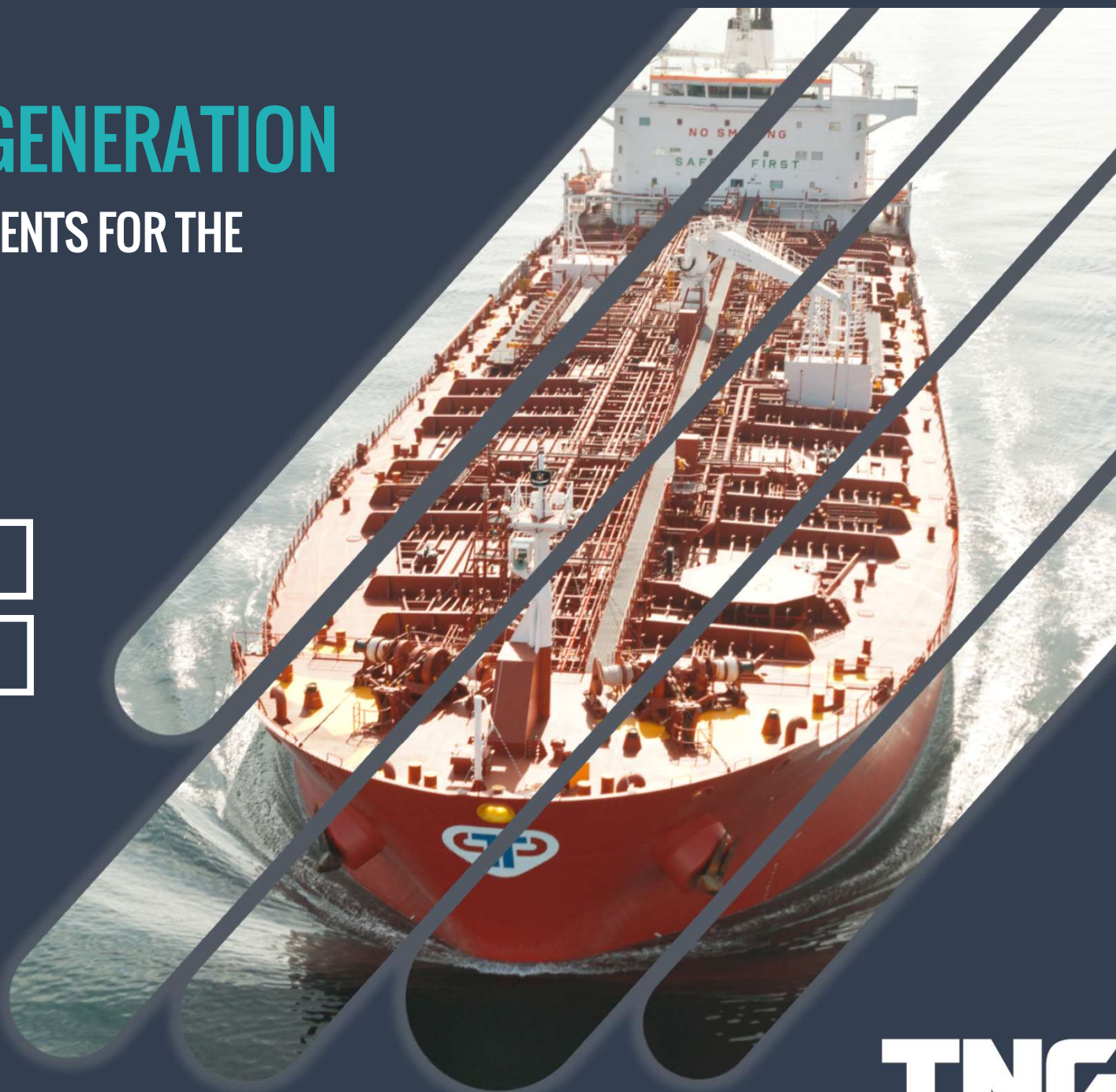
2020

Q1



Q2

Q3

Q4



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Results Q1 2020

Vessel revenue
USD **10.2m**

EBITDA
USD **5.3m**

EBIT
USD **3.4m**

Net profit
USD **2.4m**

TCE NET: 16,656 USD/day
OPEX: 6,275 USD/day

Beyond doubt, we can confirm that the global spread of the virus will be a powerful test from a social point of view, as well as the fact that it will hamper future economic perspectives.

The Company has no intention of making any forward-looking statements or assumptions about how long the pandemic could affect various market aspects and does not have mechanisms in place to analyze this unique situation in depth. A global economic slowdown seems like an inevitable outcome. The Company's 99% operating income comes from international business operations however the Company has taken a number of preventive measures to minimize business risks. We have set our focus on securing revenue based on time charters. Most of the fleet have valid contracts concluded with worldwide prominent corporations.

Through multiple time charters, the Company secured a total of 1,138 revenue days, representing a minimum of 18.9m USD vessel revenue.

It is indisputable that the product tanker market, on which the Company operates, is currently affected by the pandemic which will leave its social and health implications on business.

However, at the same time, the Company is not losing sight of the previously announced fundamental drivers that are currently prevailing in the supply and demand

markets generating a positive effect on freight rates.

In February, Tankerska Next Generation (TNG) has secured two-year employment for one of its conventional ice-class product tankers, the contracted employment is due to commence in April 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.

By following its proclaimed strategy, TNG has ensured additional time charter coverage for its ECO tanker at USD 16,850 per day for three to six months which was concluded and commenced in February 2020. Furthermore, the charterer of the conventional product tanker MT Velebit declared the previously agreed option of USD 15,500 per day for 8 months which started mid-March.

From today's perspective, we consider the fleet well covered with period business, more so than in the last few years. The achieved employment is thoroughly in line with the company's strategic concept that focuses on the efforts to secure a strong asset base and stable cash flow. By doing so, TNG minimizes the risk of its business operations by emphasizing our time charter position while balancing the remainder of the fleet on voyage charter.

The net profit of TNG was HRK 16.9m (USD 2.4m), is, among other things, the direct result of:

- *well-timed time charter executions,*
- *a strong spot market recovery mainly attributed to the fourth quarter, more so towards the final stages of the year.*

Despite the fact OPEC+ has agreed on a production cut of 9.7m barrels per day (bpd) in for the coming months, most analysts believe excess crude would amount to at least 10m bpd in the second quarter due to the coronavirus pandemic.

“If 10% to 15% of the crude shipping capacity is additionally available for floating storage, 220m to 330m barrels could be stored at sea,” the International Energy Agency said.

The focus in shipping remains to be the substantial increase in floating storage. Substantial inquiry and chartering activity are keeping tanker markets buoyant in a generally bleak shipping world. This has turned into a theme with a snowballing effect commencing 5 to 6 weeks ago, initially with VLCCs and focused within crude, but has now transitioned across all segments of both crude and products.

In Clarkson’s Covid-19 shipping impact report analysts forecast seaborne trade would fall about 5.1% in 2020, even greater than the 4.1% fall seen during the 2008-9 global financial crisis but at the same time the volume of crude and petroleum products stored at sea is increasing dramatically due to a historic oil over-supply. This trend is suspending tanker space for storage worldwide while supporting vessel earnings across the tanker market, regardless of their geographical position.

We may see a significant increase in floating storage in the coming few months as oil surpluses mount.

Tankerska Next Generation d.d., also announced a share buyback programme to purchase the Company's shares, whereby it plans to repurchase up to 110.000 of own Shares and the aggregate purchase price of all Shares acquired under the Programme will be no greater than 5.000.000 HRK. The Programme runs through February 24, 2021, at the latest. It marks the continuation of the Management’s efforts to enhance shareholders’ value and is aimed, among other things, to boost Share liquidity.

The Programme's execution will be dependent on the market conditions and strategic decisions of the Company and may be suspended,

discontinued or modified for any reason at any moment of the Programme duration.



John Karavanić, CEO



Market environment

World – this is a crisis like no other

“Covid-19 is causing tragic loss of life; and the measures needed to fight it have turned our world upside down—affecting billions of people and stopping economies in their tracks.

We anticipate the worst economic downturn since the Great Depression. While there is tremendous uncertainty around the forecast, we project global growth to fall to -3 percent this year. And we project a partial recovery in 2021, with growth expected at 5.8 percent.

That is our baseline scenario. We know that it could get much worse depending on many variable factors, including the depth and duration of the pandemic.” – as presented by Kristalina Georgieva, IMF Managing Director, in her opening remarks for Spring Meetings Press Conference.

To illustrate the outreach of this crisis, it is worth noting the IMF together with the G20, the World Bank and many others, are calling for a standstill of debt service to official bilateral creditors for the world’s poorest countries.

With factories beginning to ramp up manufacturing in China and the Far East, the supply side appears to be gradually resuscitated so the question is how soon will the demand side rise to a previously seen equilibrium. The extension and widening of the lockdown in the Eurozone and the US has driven analysts to make further downward revisions to their baseline expectations for the economy in 2020. These

commonly include a negative and positive scenario, with the former slightly more likely than the latter. A common denominator to all these scenarios can be recognized; however, they all are subject to extreme uncertainty.

IMO 2020 underway, come what may

This is the biggest change in global fuel regulations since leaded gas was abandoned.

The shipping industry has now crossed the line of speculation and confronted the new IMO rules. As if IMO 2020 regulation and its associated compliancy cash out did not add enough spice to the overall shipping equation, we have added a global outbreak.

Bunker prices have reacted in line with crude oil prices making commercial voyages more viable while the availability and quality of the various fuel types seem to be adequate if not abundant.

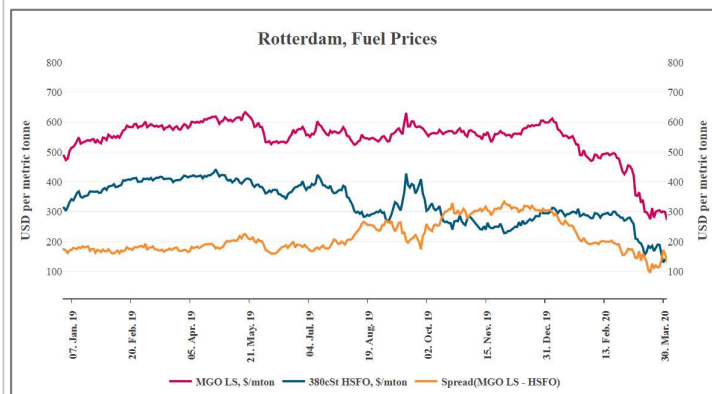
The availability of the various compliant fuels does not seem to be making headlines (providing there is a

chance of competing with COVID-19).

After all, oil and shipping markets have had time to prepare for the implementation of IMO 2020. Oil companies, bunker providers and other market participants have built inventories to be able to handle a surge in demand for compliant fuels.

A new set of IMO’s emission regulations has come into force in accordance with the deadline, January 1st, 2020. The new standard means that the world’s fleet (some 60,000 vessels) must switch to low-sulphur and bear the price of more expensive fuel – or continue to use high-sulphur fuel instead, providing they have installed Exhaust Gas Cleaning Systems (EGCS), so called scrubbers, i.e. air pollution control devices that use generally use liquid to remove particulate matter or the exhaust gases.

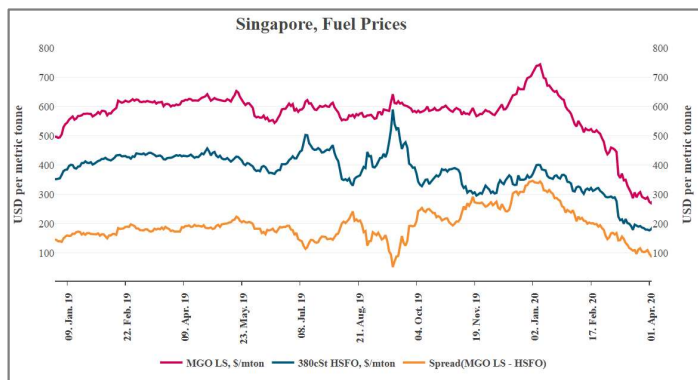
Tankerska Next Generation has opted against investing in scrubbers, but rather adapting to low-sulphur fuels instead. The company has taken the view of how the availability of compliant fuels will be satisfactory and will increase over time. The price differential between VLSFO and HSFO worldwide has indeed shrunk and is even hovering below USD 50.00 pmt in major European hubs.



Since the end of January, the main issue with scrubber installations has been the lack of available shipyards which can bring the installation to an end. Especially in China, lockdown measures have left yards without enough workers, having as an immediate outcome the delay of ongoing installations as well as the increase of the backlog for new ones.

The proportion of vessels that have had or will have scrubbers installed varies between different vessel segments. In the VLCC segment, the proportion is expected to be about 35 percent, in the Suezmax segment of about 25 percent and in the MR/LR1 product tanker segment about 10 percent. In theory, vessels with scrubbers have lower fuel costs, but on the other hand, they have to make an investment of about USD 3 to 5 million depending on vessel size. Most have to finance the device upfront in the amount of about 80%.

The decision not to go for scrubbers has so far proven



not only to be prudent for the company but also insightful, considering the fuel price spread range from the beginning of this year which directly affects the payback time of the device. In parallel, scrubber owners have been confronted with unforeseen installation delays, technical and maintenance difficulties, environmental social backlash and bans on usage in certain locations worldwide.

Furthermore, the IMO is now studying all available options to advance decarbonisation talks amid the coronavirus pandemic, after the organisation indefinitely postponed all meetings scheduled at its London headquarters between early March and the end of June and so the rules can be concluded within this year and come into force by 2023, as originally planned. This came after the organization was strongly confronted by Greenpeace International and its associates fearing significant delay and calling for virtual meetings on short-term decarbonisation measures.

OPEC+ cuts

Major oil producers agreed to slash output as members of the OPEC+ coalition buried differences in an effort to revive the market from a pandemic-driven collapse.

The Organization of Petroleum Exporting Countries and its allies, now have a deal to cut production by about 10 million barrels a day effective from May 1

until June 30 this year, with October 2018 output levels used as the baseline for all members except for Saudi Arabia and Russia.

The production cuts would reduce to 7.7m barrels per day, effective from July 1, 2020 for the rest of the year and then decrease further to 5.8m barrels a day effective January 1, 2021 until April 30, 2022. This is subject to review in December 2021. However, Iran, Venezuela and Libya are exempt from the cuts.

In short, the global demand declines generated by the pandemic, are going to be greater than the production cuts. An estimated demand decline would be down 25 million barrels a day, or about one-quarter of normal consumption, in April.

In addition, the new cuts won't begin until May, allowing oil supplies to increase. There are also doubts about whether some of the countries parties to the cuts, like Iraq, which often produces whatever it can, will really observe them. With the sharp decline in demand, global producers will be forced to shut down some production because we will run out of storage space, or use floating storage as an alternative.

This means that May onwards cargo loadings will definitely see significant declines and this will most likely have a negative impact on the tanker freight market.

Because of this expectation, we could possibly see producing countries trying to pump out as much product as possible before the agreement enters into effect, which could offer some support to the tanker market before we reach May 1st. Experts claim that there are a few possible scenarios in which neither the oil market dries up, nor prices manage to stabilize at much higher levels and push freights down. We have seen many times during previous output cuts that there have been some non-compliant members and we won't be surprised to see certain producing countries eventually ramping up production above what was agreed this time as well. Not only would such a development restore part of the cargoes lost, but it would also cause great dissatisfaction to compliant members that would start losing market share due to non-compliance and this could eventually lead to a new price war as a result. In addition to that, global demand for oil will gradually begin to increase as countries around the world eventually start to exit the pandemic emergency state and return to normality, while let's not forget the amount of tonnage that has been used for storage and will not be competing for business in the tanker market.

Still, the meeting appears to be at least a start at confronting the serious problem the oil industry and OPEC countries have encountered in decades.

Against an estimated onshore spare storage capacity of approximately 900m barrels as of end-March, Cleaves forecast 948m barrels of petroleum oversupply by end-August. According to the Clarksons Daily Market Survey at April 24, 2020, 96 VLCCs were

used as floating storage. 40 million dwt, or 7.8% of the capacity of the ship's space exceeding 25,000 dwt, was used for this purpose. The share of fleet capacity used as a floating storage could be tripled by June 2020.

Tanker markets see dramatic turn in Q4 of 2019 continued in Q1 of 2020

After an uninspiring decade full of dull performance and much the same in the first nine months of 2019, Q4 tanker markets soared to their highest levels since 2008. VLCC rates were at the forefront of this bonanza

starting off in the middle of September, reaching nearly \$300,000 per day. Although rates fell back from their peak, they still averaged over \$100,000 per day for the fourth quarter. Suezmax rates followed, often reaching \$150,000 per day and averaging more than \$50-60,000 per day during 19Q4.

Allied shipping Inc., April 2020
BIMCO, April 2020
Intermodal, April 2020
Cleaves, April 2020

Product tankers

QUICK OVERVIEW

Key fleet figures

as at 01st April 2020

In Service: **2,550** vessels
total dwt capacity: 112,008,817 dwt
year to date growth: 1.03 %

Over 20yrs: **248** vessels
total dwt capacity: 10,033,802 dwt
as a percentage of fleet: 9.73 %

On Order: **183** vessels
total dwt capacity: 8,336,488 dwt
as a percentage of fleet: 7.18 %

Remaining deliveries for 2020

as at 01st April 2020

Scheduled: **86** vessels
total dwt capacity: 3,866,020 dwt
as a percentage of fleet: 3.37 %

MR (25-59,999DWT)

Changes in 2020

as at 01st April 2020

Deliveries: **32** vessels
total dwt capacity: 1,482,987 dwt
as a % of starting fleet: 1.27 %
of which latest month: **10** vessels
and in dwt terms: 493,003 dwt

New Orders: **14** vessels
total dwt capacity: 641,700 dwt
as a % of starting fleet: 0.55 %
of which latest month: **1** vessels
and in dwt terms: 50,000 dwt

Scrapped: **6** vessels
total dwt capacity: 240,721 dwt
as a % of starting fleet: 0.24 %
of which latest month: **1** vessels
and in dwt terms: 44,128 dwt

Aframax gained almost as respectively for the entire quarter. With the imminent IMO 2020 regulations and a ban on the COSCO fleet becoming key drivers, October saw the tanker market rebound, assisted by a rising number of vessels out of service due to scrubber installations, floating storage and sanctions. While the surge in product tanker rates was not as spectacular, spot earnings gradually reached a multi-year high in 19Q4.

Oil inventories in 2020 are building quickly and the use of tankers for floating storage in the near-term is likely to support tanker earnings and sentiment. In the meantime, tanker companies are positioned to benefit from very strong cash flows and time charter demand for floating storage purposes.

It seems likely, however, that oversupply in the near-term is inevitable, causing a continued wave of oil stockpiling. On-land storage facilities are likely to reach limits within 2Q20, underpinning the need for floating storage. The expectation is this will maintain a higher level of inquiry in the tanker market, supporting tanker rates at healthy levels. However, a drop in crude oil production of 9.7 mb/d is extremely significant (not to mention the additional 5 mb/d from other G-20 members) given the crude oil tanker trade is 40 mb/d. Without the contango and the need for floating storage, this type of cut would have an overwhelmingly negative effect

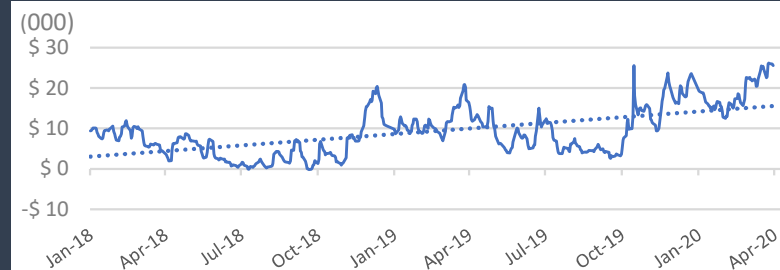
on tanker demand and charter rates according to Clarksons.

MR Tanker market

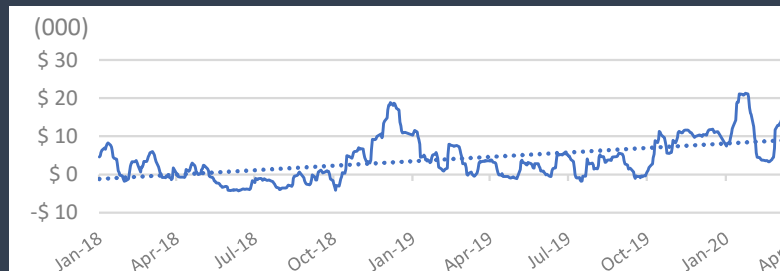
Overall clean markets in 2019 were up from 2018. According to Clarksons Platou the average spot earning for an MR in 2019 was USD/day 16,500 . It is worth noticing the 5 and 10 year spot averages were USD/day 15,800 and 14,800 respectively while the 20 year spot average is USD/day 17,300.

The impressive Q4 rally in spot charter rates for product tankers has turned this year from a reasonably acceptable one into one of the best years in a decade. In the Q1 2020 the benchmark Baltic Exchange TC1, TC5, TC2_37 and TC11 TCE indices averaged respectively 23,376 USD/day ; 17,231 USD/day ; 18,834 USD/day ; and 10,431 USD/day as opposed to Q4 2020 which showed 33,796 USD/day ; 23,375 USD/day ; 15,340 USD/day ; and 14,040 USD/day. The order book is at 20-year low; product tanker building yards are closed and for the first time in history we have a product market with an ageing fleet which will be even more so in the months to come to due to the pandemic.

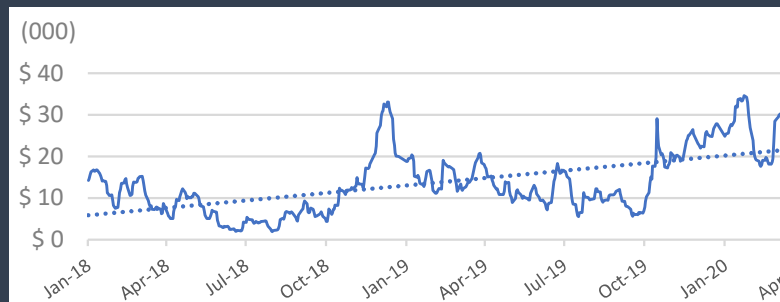
Clarksons Platou, April 2020
Baltic Exchange, April 2020



Full Route Description - TC2_37 37,000mt CPP/UNL. Continent to US Atlantic coast (Rotterdam to New York)



Full Route Description - TC14 38,000mt CPP/UNL/diesel. US Gulf to Continent (Houston to Amsterdam)



Full Route Description - MR Atlantic Basket Contributing routes: TC2 TCE & TC14 TCE

Crew Repatriation

Crew changes have become almost impossible, leading to fears that overstressed seafarers may have a negative impact on vessel safety.

Despite high-level industry interventions urging governments to recognise the growing crisis of seafarers stranded at sea due to coronavirus restrictions, crew changeover plans have so far failed to gain political attention.

Leading shipowners and managers warn that over 100,000 seafarers are effectively “stranded at sea” because coronavirus shutdowns are preventing them from entering or transiting countries or finding flights on which to return home. Many are now urging immediate governmental and inter-governmental action to enable the resumption of crew changes, including the designation of seafarers as ‘key workers’.

Despite attempts to get the crew transfer appeals into the hands of the

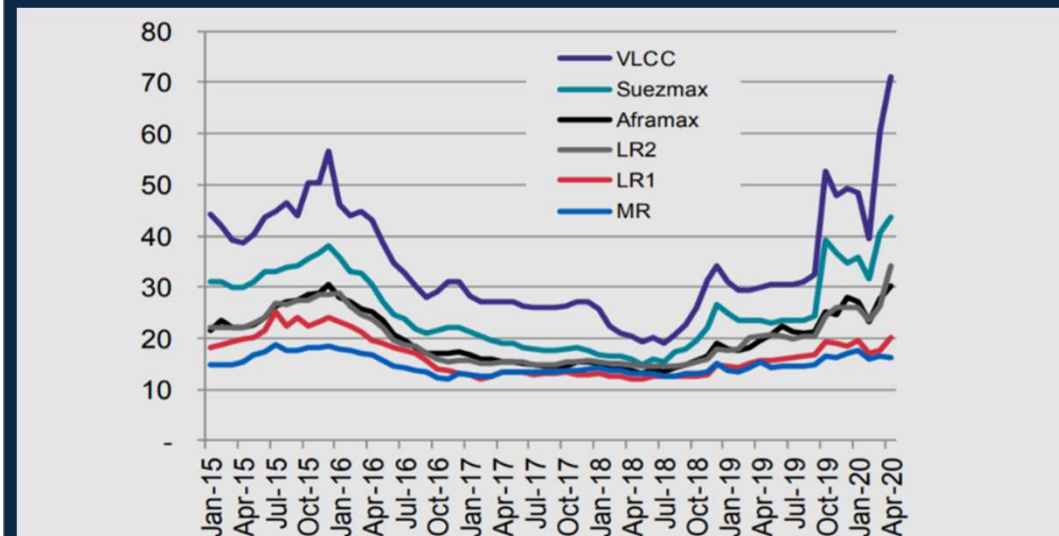
key senior government officials, other priorities are preventing action.

The coronavirus is a black swan event. But measures aimed at protecting society were never intended to prevent key workers from carrying out tasks essential to the ongoing wellbeing of society.

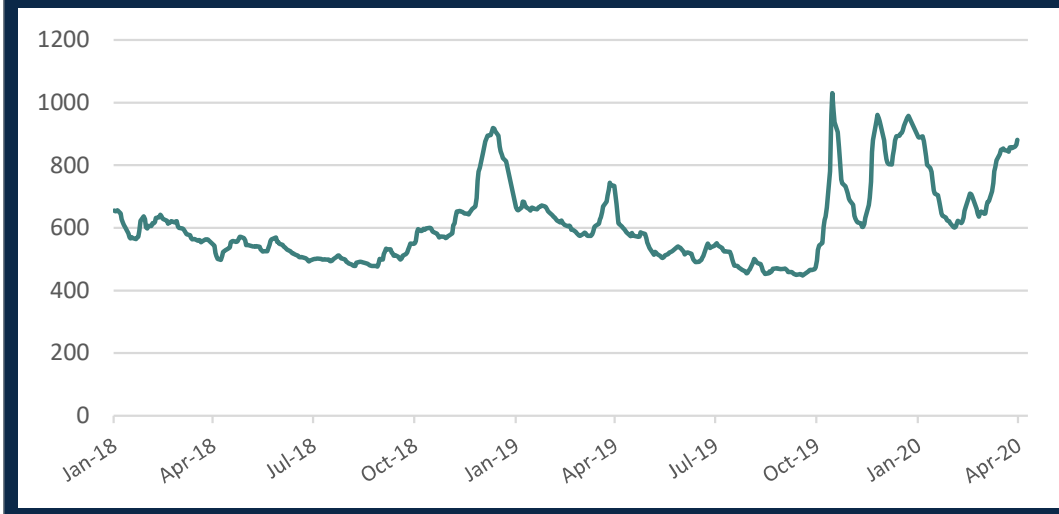
Every month about 100,000 seafarers are rotated on or off vessels worldwide in accordance with international safety and working hours regulations. However, the closure of borders and strict quarantine rules are preventing crew changes from being completed in accordance with employment contracts and international conventions, including the Maritime Labour Convention, leaving thousands at sea for periods far beyond their contracts.

While flag states have been extending the contracts, there is a general industry consensus that a pragmatic approach to the regulatory enforcement will have to be applied.

The average 1-year timecharter rate

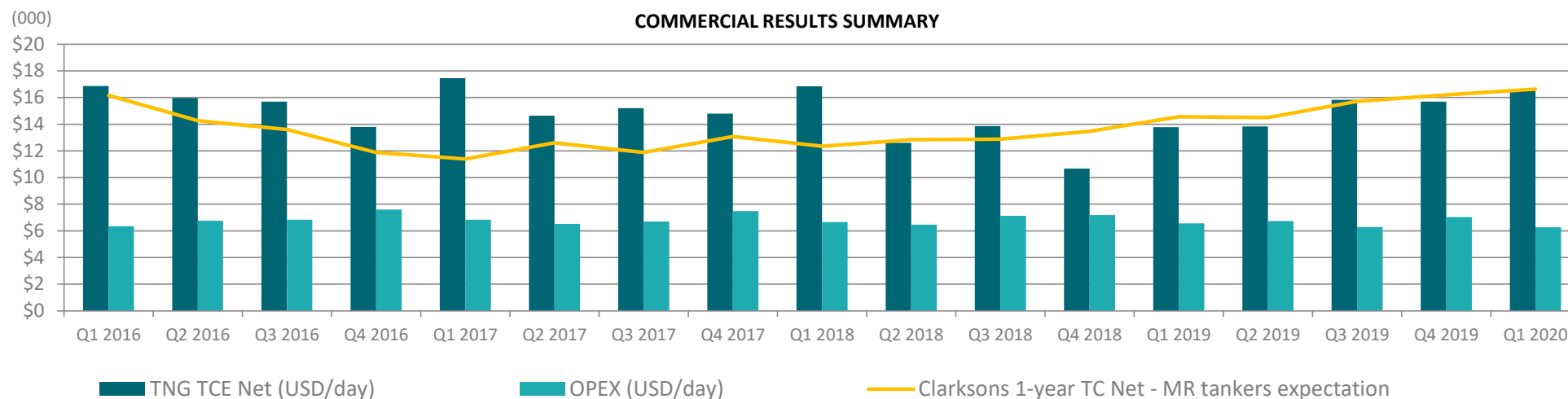


BCTI

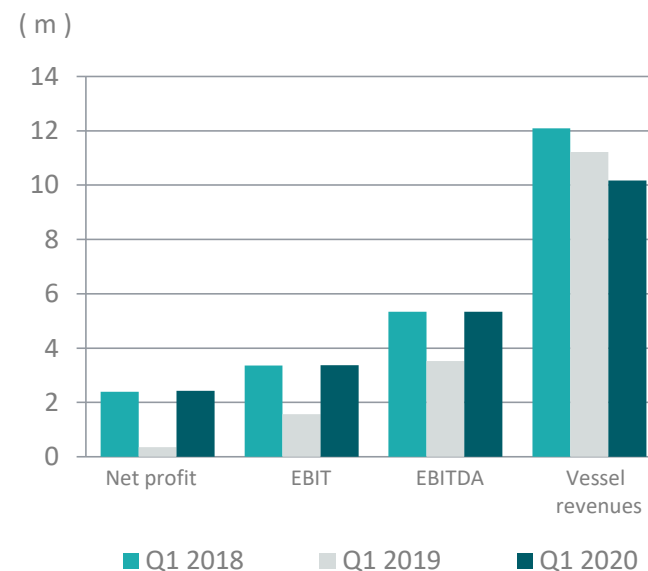




Results



SELECTED FINANCIALS	HRK 000				USD 000			
	Q4 2018	Q1 2019	Q4 2019	Q1 2020	Q4 2018	Q1 2019	Q4 2019	Q1 2020
Vessel revenues	79,179	73,142	66,789	69,260	11,889	11,218	9,955	10,171
EBITDA	13,294	22,890	30,648	36,581	1,935	3,522	4,571	5,343
EBIT	(3,882)	10,262	12,700	23,194	(659)	1,571	1,887	3,373
Net profit	(10,466)	2,386	5,778	16,865	(1,646)	361	903	2,429



Total revenues for the first quarter of 2020 amounted to HRK 69.3m (USD 10.1m), while EBITDA reached HRK 36.6m (USD 5.3m).

The net profit for the first quarter of 2020 amounts to HRK 16.9 million (USD 2.4m). first quarter EBIT was HRK 23.2m (USD 3.4m).

In the first quarter of 2020, vessels' revenues reached HRK 69.3 million (USD 10.1m), which is a decrease from the same period last year.

This level of revenue is the result of less exposure of the TNG fleet on the spot market, where the ship-owner achieves nominally higher revenue, but at the same time has increased voyage-related costs.

The average daily TCE of the fleet during the first quarter was recorded at USD 16,565.

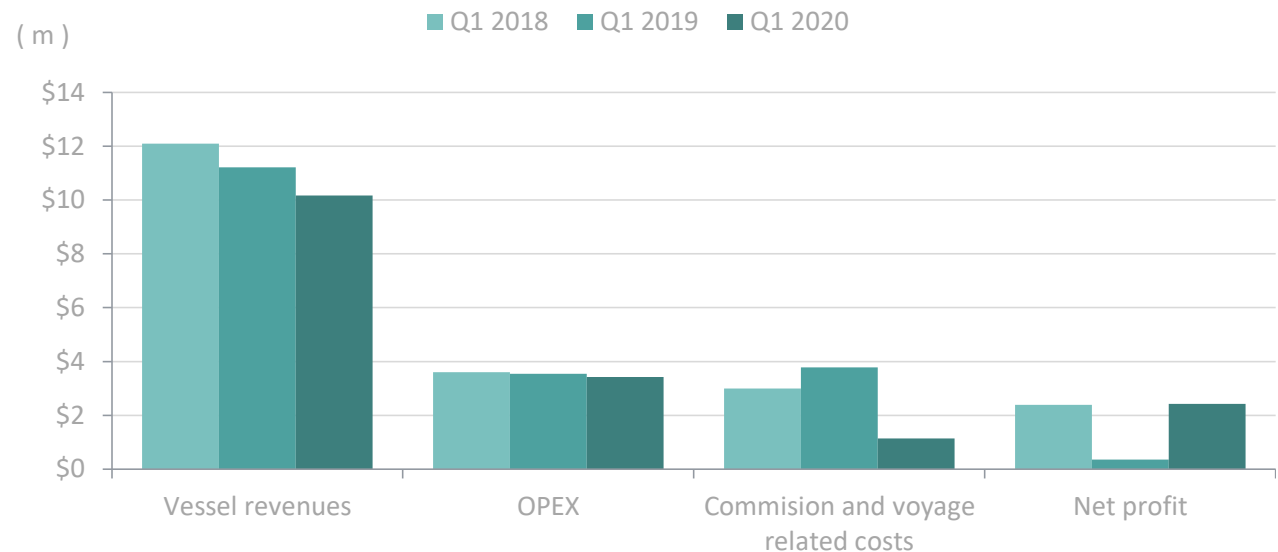
Operating expenditures of the fleet amounted to HRK 23.0m (USD 3.4m) in the first quarter of 2020 and have decreased from the fourth quarter of 2019 when they were HRK 26.1m (USD 3.9m).

Commissions and voyage associated costs amounted to HRK 7.8 million (USD 1.1 million) in the first quarter of 2020, while in the same quarter of 2019 they added up to HRK 24.7 million (USD 3.8m). The decrease in these expenses is due to less exposure of TNG's fleet in the spot market.

Depreciation costs in the first quarter of 2020 amounted to HRK 13.4m (USD 2.0m).

All the vessels in operation 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.

General and administrative expenses were recorded at HRK 1.7m (USD 0,3m) are slightly up against the same period last year.





Operational data of the fleet

TNG's CURRENT FLEET

Currently TNG's fleet consists of six MR tankers in operation (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. On March 31st, 2020, the average age of the vessels in TNG's fleet is 5.96 years.

CURRENT CHARTERING STRATEGY

Dalmacija

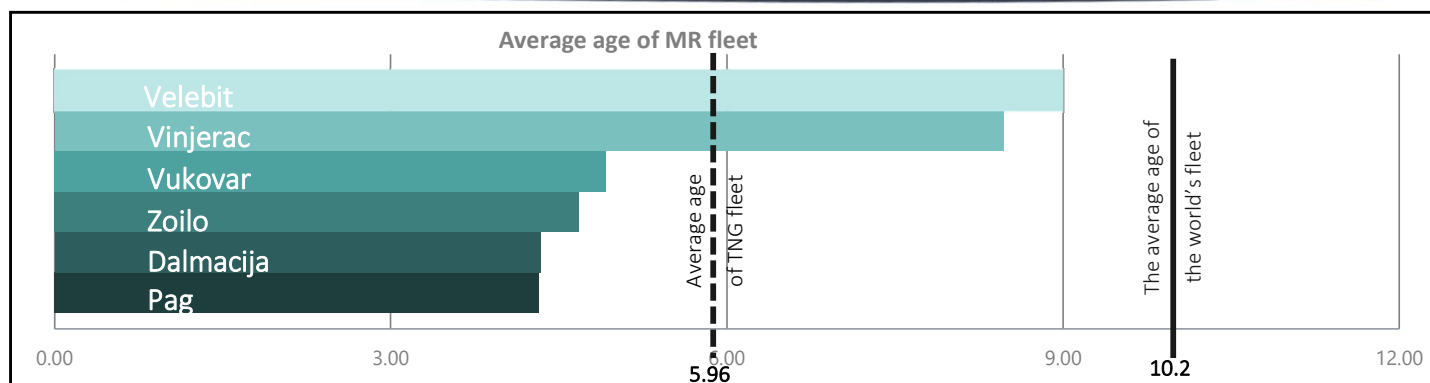
During the first quarter of 2019, a twelve-month contract was secured for the period at USD 16,000 per day with Trafigura Maritime Logistics TCP DTD ("Trafigura"). Upon expiration of the current contract in Q1 2020, the charterer has activated the option to extend the contract for an additional (maximum) 385 days at a similar rate at USD 16.800 per day.

Velebit

Tankerska Next Generation has secured the one-year employment of the conventional ice class product tanker MT Velebit in mid-March 2019. The tanker has been under a shipping contract with Clearlake Shipping

Vessel	Capacity (dwt)	Employment	Hire rate (USD)
Velebit	52,554	Clearlake	14,500 (until Q1 2020) 15,500 (until Q4 2020)
Vinjerac	51,935	SPOT market	Voyage charter
Vukovar	49,990	KOCH	17,000 (6 to 12 months in charterers' option)
Zoilo	49,990	SPOT market	13,500*
Dalmacija	49,990	Trafigura	16,000 (until Q1 2020) 16.800 (up to max 365 days in charterers' option)
Pag	49,990	KOCH / MJØLNER	17,150 (until February 2020) / 16,850 (3 to 6 months in charterers' option)

* Minimum daily hire with profit share above the minimum in a 50:50 split with the charterer



Pte Ltd ("Clearlake") with a contracted rate of USD 14,500 per day and upon expiry of the current contract, the charterer has activated the option of the contract for an additional 8 months with commencement in March for approximate USD 1,000 premium.

Vukovar

Tankerska Next Generation in mid-May secured 6-month employment for ECO class product tanker MT Vukovar. The vessel will be under a shipping contract with Koch Shipping Pte Ltd. With charterer's option to extend for up to 12 months.

Pag

The MT Pag time charter with the charterer Koch

Shipping Pte Ltd for a period of 6 to 12 months in the charterer's option expired in early February, and shortly afterwards a new short-term time charter was secured with a contracted price of 16,850 USD per day for three to six months.

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.

Vinjerac

The short-term time charter with Clearlake Shipping Pte Ltd ("Clearlake") expired at the beginning of Q2 2019 and TNG continued employment of the ship on the spot market. Furthermore, 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.

OPERATIONAL DATA OF THE FLEET	I-III 2018	I-III 2019	I-III 2020
Time Charter Equivalent rates (USD/day)	16,854	13,769	16,565
Daily vessel operating expenses (USD/day)	6,665	6,565	6,275
Operating days (number)	540	540	546
Revenue days (number)	540	540	545
Fleet utilization (%)	100%	100%	99.8%

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 in 2015 when key time charters were concluded. At the time, the concluded time charter contracts enabled TNG to achieve results above the market average. At present, the majority, or four out of six units, are employed on time charter which currently provide adequate levels of cash flow.

By positioning part of the fleet on the spot market, management has secured sufficient flexibility for future employment, relying on publicly available industry forecasts and analysis, which indicate a medium term freight rate recovery.

We believe that the first indications of fundamental market recovery for product tankers have become apparent in the final weeks of the 2018.

The average TCE net rate for Q1 2020 added up to USD 16,565.

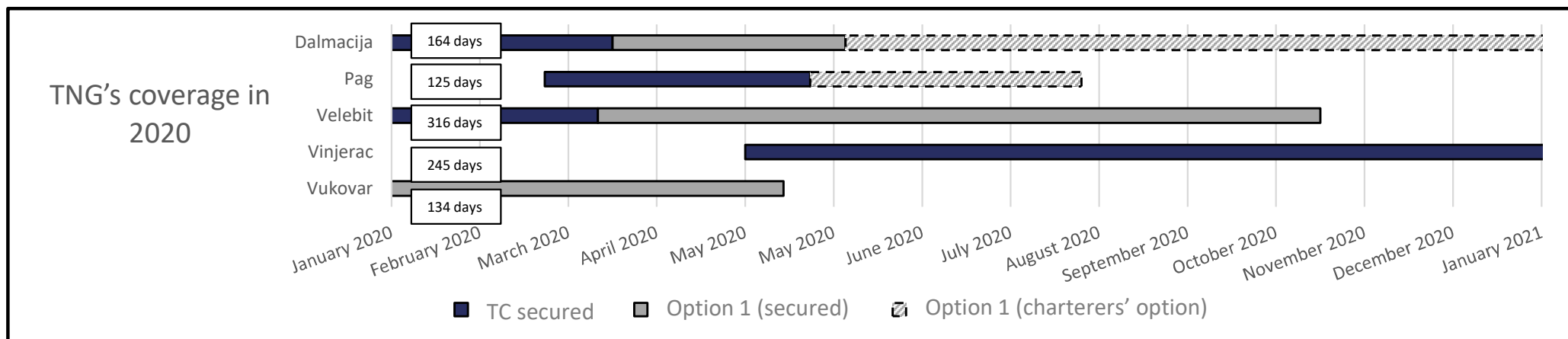
The average daily vessel operating expenses (OPEX) in the first quarter of 2020 amounted to USD 6,275 per vessel, which is a decrease in comparison to the same period last year.

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 should start from the middle of 2020, depending on the binding deadlines and future business conditions.

Ecological control is growing with record-breaking penalties issued for pollution. 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. The expected cost of system itself will be ranked up to approximately 550,000 per vessel which does not include the costs of delivery and installation, bearing in mind that ECO tanker Dalmacija was delivered with an already installed ballast water treatment system.



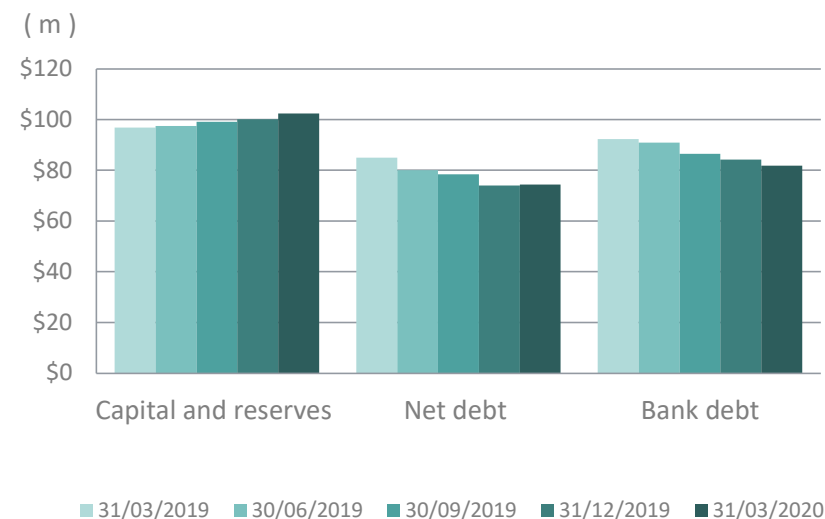


Financial position summary

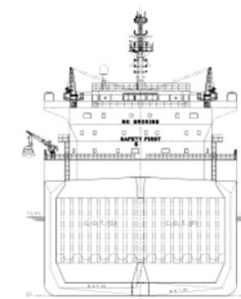
Tankerska Next Generation concluded Q1 2020 with 1 percentage points less gearing or 42% in comparison to the end of 2019. This decreasing debt trend is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, while a further decrease in the company's debt is expected 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.

With a goal to maximize the commercial benefits to the fleet, the vessels, whose time charter contracts expired during the year, have been transferred to the spot market. 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, due to the fact that the ship 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				
	31 Mar 2019	30 Jun 2019	30 Sept 2019	31 Dec 2019	31 Mar 2020	31 Mar 2019	30 Jun 2019	30 Sept 2019	31 Dec 2019	31 Mar 2020
Bank debt	609,513	590,196	586,161	559,749	562.672	92,210	90,865	86,519	84,174	81.828
Cash and cash equivalents	47,947	70,653	55,364	67,712	51.179	7,254	10,876	8,171	10,182	7.443
Net debt	561,566	519,543	530,797	492,037	511.493	84,956	79,989	78,348	73,992	74.385
Capital and reserves	640,212	632,964	671,398	665,234	704.015	96,853	97,445	99,121	100,037	102.284
Gearing ratio Net debt / (Capital and reserves + Net debt)	47%	45%	44%	43%	42%	47%	45%	44%	43%	42%



Income statement and statement of other comprehensive income

UNAUDITED FINANCIAL STATEMENTS FOR THE
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INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR PERIOD FROM January 1 st , 2020 to March 31 st , 2020 unaudited	HRK 000				USD 000			
	Q4 2018	Q1 2019	Q4 2019	Q1 2020	Q4 2018	Q1 2019	Q4 2019	Q1 2020
Revenues	79,179	73,142	66,789	69,260	11,889	11,218	9,955	10,171
Other revenues	1,576	206	2	-	242	32	-	-
Sales revenues	80,755	73,348	66,791	69,260	12,131	11,250	9,955	10,171
Commission and voyage related costs	(39,584)	(24,720)	(8,671)	(7,837)	(6,005)	(3,783)	(1,291)	(1,143)
Vessel operating expenses	(26,410)	(23,138)	(26,061)	(23,049)	(3,971)	(3,545)	(3,884)	(3,420)
General and administrative	(1,467)	(1,304)	(1,387)	(1,699)	(220)	(200)	(206)	(251)
Other expenses	-	(1,296)	(24)	(94)	-	(200)	(3)	(14)
Total operating expenses	(67,461)	(50,458)	(36,143)	(32,679)	(10,196)	(7,728)	(5,384)	(4,828)
EBITDA	13,294	22,890	30,648	36,581	1,935	3,522	4,571	5,343
Depreciation and amortization	(13,237)	(12,628)	(13,260)	(13,387)	(1,985)	(1,951)	(1,979)	(1,970)
Impairment	(3,939)	-	(4,688)	-	(609)	-	(705)	-
Operating profit (EBIT)	(3,882)	10,262	12,700	23,194	(659)	1,571	1,887	3,373
Net interest expenses	(6,650)	(7,879)	(6,819)	(6,261)	(998)	(1,211)	(1,021)	(932)
Net foreign exchange gains (losses)	66	3	(103)	(68)	11	1	37	(12)
Net income	(10,466)	2,386	5,778	16,865	(1,646)	361	903	2,429
Other comprehensive income	6,263	13,598	(11,942)	22,471	946	2,057	14	-
Total comprehensive income	(4,203)	15,984	(6,164)	39,336	(700)	2,418	917	2,429
Weighted average number of shares outstanding, basic & diluted (thou,)	8,720	8,720	8,720	8,717	8,720	8,720	8,720	8,717
Net income (loss) per share, basic & diluted	1.20	0.27	0.66	1.93	- 0.19	0.04	0.10	0.28

Balance sheet

UNAUDITED FINANCIAL STATEMENTS FOR THE
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BALANCE SHEET At the date of March 31 st 2020 unaudited	HRK 000			
	31 Dec 2018	31 Mar 2019	31 Dec 2019	31 Mar 2020
Non-current Assets	1,186,408	1,199,337	1,165,009	1,197,570
Vessels	1,186,292	1,199,221	1,162,125	1,188,132
Newbuildings	0	0	117	9,319
Other Non-current Assets	116	116	2,767	119
Current Assets	100,517	98,392	92,377	102,217
Inventory	13,779	10,346	5,360	5,173
Accounts receivable	25,806	35,916	15,977	24,189
Cash and cash equivalents	56,389	47,947	67,712	51,179
Other current assets	4,543	4,183	3,328	21,676
Total Assets	1,286,925	1,297,729	1,257,386	1,299,787
Shareholders Equity	624,228	640,212	665,234	704,015
Share capital	436,667	436,667	436,667	436,667
Reserves	120,390	133,988	138,370	160,841
Retained earnings	67,171	69,557	90,197	106,507
Non-Current Liabilities	557,476	556,393	497,362	514,289
Bank debt	557,476	556,393	497,362	514,289
Current Liabilities	105,221	101,124	94,790	81,483
Bank debt	73,630	53,120	62,387	48,383
Accounts payable	10,588	11,856	5,128	3,855
Other current liabilities	21,003	36,148	27,275	29,245
Total liabilities and shareholders equity	1,286,925	1,297,729	1,257,386	1,299,787

USD 000			
31 Dec 2018	31 Mar 2019	31 Dec 2019	31 Mar 2020
183,394	181,442	175,192	174,160
183,376	181,424	174,758	172,788
-	-	18	1,355
18	18	416	17
15,538	14,885	13,891	14,866
2,130	1,565	806	752
3,989	5,433	2,403	3,518
8,717	7,254	10,182	7,443
702	633	500	3,153
198,932	196,327	189,083	189,026
96,493	96,853	100,037	102,384
67,500	67,500	67,500	67,500
18,610	18,609	18,657	18,658
10,383	10,744	13,880	16,226
86,174	84,174	74,792	74,792
86,174	84,174	74,792	74,792
16,265	15,300	14,254	11,850
11,382	8,036	9,382	7,036
1,637	1,795	770	561
3,246	5,469	4,102	4,253
198,932	196,327	189,083	189,026

Cash flow statement

UNAUDITED FINANCIAL STATEMENTS FOR THE
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CASH FLOW STATEMENT FOR THE Q1 2020 unaudited	HRK 000				USD 000			
	H1 2019	Q1 – Q3 2019	FY 2019	Q1 2020	Q1 2019	H1 2019	Q1 – Q3 2019	Q1 2020
Profit before tax	6,383	17,562	23,340	16,865	953	2,642	3,545	2,429
Depreciation and Amortisation	25,399	39,239	52,499	13,387	3,924	5,934	7,913	1,970
Changes in working capital	25,030	14,286	20,297	(25,560)	3,854	2,207	3,124	(3,735)
Other	1,427	441	5,627	1,443	119	35	682	(42)
Cash flow from operating activities	58,239	71,528	101,763	6,135	8,850	10,818	15,264	622
Cash inflows from investing activities	-	-	-	-	-	-	-	-
Cash outflows from investing activities	-	(2,177)	(2,780)	(6,307)	-	(327)	(417)	(934)
Cash flow from investing activities	-	(2,177)	(2,176)	(6,307)	-	(327)	(417)	(934)
Cash inflows from financing activities	13,019	-	-	-	2,000	-	-	-
Cash outflows from financing activities	(56,994)	(72,553)	(88,264)	(16,361)	(8,691)	(11,036)	(13,382)	(2,427)
Cash flow from financing activities	(43,975)	(72,553)	(88,264)	(16,361)	(6,691)	(11,036)	(13,382)	(2,427)
Net changes in cash	14,264	(3,202)	11,323	(16,533)	2,159	(545)	1,465	(2,739)
Cash and cash equivalents (beg, of period)	59,389	56,389	56,389	67,712	8,717	8,717	8,717	10,182
Cash and cash equivalents (end of period)	73,653	53,187	67,712	51,179	10,876	8,171	10,182	7,443

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
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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 Apr to 30 Jun 2019	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 April 2019	436,667	69,557	127,063	6,925	640,212
Net profit for the period	-	3,997	-	-	3,997
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(11,245)	(11,245)
Balance at 30 June 2019	436,667	73,554	127,063	(4,320)	632,964
For the period from 1 Jul to 30 Sep 2019	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 July 2019	436,667	73,554	127,063	(4,320)	632,964
Net profit for the period	-	11,179	-	-	11,179
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	27,255	27,255
Balance at 30 September 2019	436,667	84,419	127,063	23,249	671,398
For the period from 1 Oct to 31 Dec 2019	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
Balance at 1 October 2019	436,667	84,419	127,063	23,249	671,398
Net profit for the period	-	5,778	-	-	5,778
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(11,942)	(11,942)
Balance at 31 December 2019	436,667	90,197	127,377	10,993	665,234
For the period from 1 Jan to 31 Mar 2020	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>	<i>HRK 000</i>
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	-	-	-	-	-
Changes in other comprehensive income	-	-	-	22,471	22,471
Balance at 31 March 2020	436,667	107,062	127,377	33,464	704,570

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 Apr to 30 Jun 2019	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 April 2019	67,500	10,744	19,641	1,026	98,911
Net profit for the period	-	592	-	-	592
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(2,058)	(2,058)
Balance at 30 June 2019	67,500	11,336	19,641	(1,032)	97,445
For the period from 1 Jul to 30 Sep 2019	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 July 2019	67,500	11,336	19,641	(1,032)	97,445
Net profit for the period	-	1,689	-	-	1,689
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(13)	(13)
Balance at 30 September 2019	67,500	12,977	19,641	(997)	99,121
For the period from 1 Oct to 31 Dec 2019	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
Balance at 1 October 2019	67,500	12,977	19,641	(997)	99,121
Net profit for the period	-	903	-	-	903
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	14	14
Balance at 31 December 2019	67,500	13,880	19,689	(1,032)	100,038
For the period from 1 Jan to 31 Mar 2020	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>	<i>USD 000</i>
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	-	-	-	-	-
Changes in other comprehensive income	-	-	-	-	-
Balance at 31 March 2020	67,500	16,309	19,689	(1,032)	102,466

NET ASSET VALUE CALCULATION

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NET ASSET VALUE CALCULATION estimate (000 USD)	At the date 31 Mar 2019	At the date 30 Jun 2019	At the date 30 Sep 2019	At the date 31 Dec 2019	At the date 31 Mar 2020
Total fleet value	175,700	164,770	165,360	167,950	163,630
Investments	-	-	-	-	-
Current assets	7,631	4,821	5,779	3,709	7,423
Other non-current assets	18	17	17	416	17
Total value of other assets	7,649	4,838	5,796	4,125	7,440
Cash and cash equivalents	7,254	10,876	8,171	10,182	7,443
Bank debt	(92,210)	(90,865)	(86,519)	(84,174)	(81,828)
Net debt	(84,956)	(79,989)	(78,348)	(73,992)	(74,385)
Other non-current liabilities	-	-	-	-	-
Current liabilities	(7,264)	(6,856)	(6,088)	(4,872)	(4,814)
Total value of other liabilities	(7,264)	(6,856)	(6,088)	(4,872)	(4,814)
NET ASSET VALUE	91,129	82,763	86,720	93,211	91,871
Weighted average number of shares outstanding, basic & diluted	8,720,145	8,720,145	8,720,145	8,720,145	8,716,890
Net asset value per share (USD)	10.45	9.49	9.94	10.69	10.54

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. As TNG currently employs the majority of its fleet on a time charter basis, the future is less based on market sentiment and expectations and more on the revenue generating ability of the vessel.

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 the day of publication of this report amounts to USD 163.6m, what with all other unchanged parameters gives a NPV per share of USD 10.54.

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 sectoral analysis.

ANNOUNCEMENTS IN Q1 2020

- 31.03.2020. Acquisition of own shares
- 25.03.2020. Acquisition of own shares
- 17.03.2020. Acquisition of own shares
- 13.03.2020. Announcement on the impact of COVID-19 on business activities
- 12.03.2020. Acquisition of own shares
- 12.03.2020. Response to the Zagreb Stock Exchange due to price changes
- 09.03.2020. Response to the Zagreb Stock Exchange due to price changes
- 06.03.2020. Acquisition of own shares
- 03.03.2020. Acquisition of own shares
- 28.02.2020. Acquisition of own shares
- 26.02.2020. Time charter coverage secured for two tankers
- 26.02.2020. Acquisition of own shares
- 24.02.2020. Share Buy-Back Programme
- 21.02.2020. Management and Supervisory Board meeting held
- 19.02.2020. Announcement of the Management and the Supervisory Board session
- 05.02.2020. Redelivery and extension of time charters

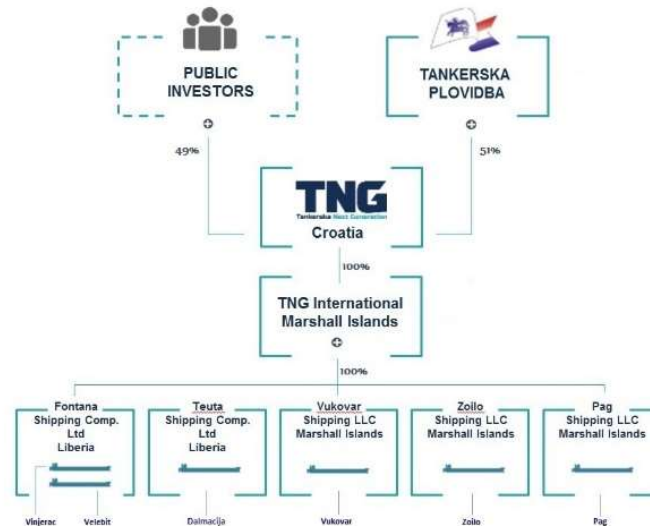
SHAREHOLDER STRUCTURE

Shareholder on 31 Mar 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 March 31st, 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.

OVERVIEW OF RELATED PARTY TRANSACTIONS:



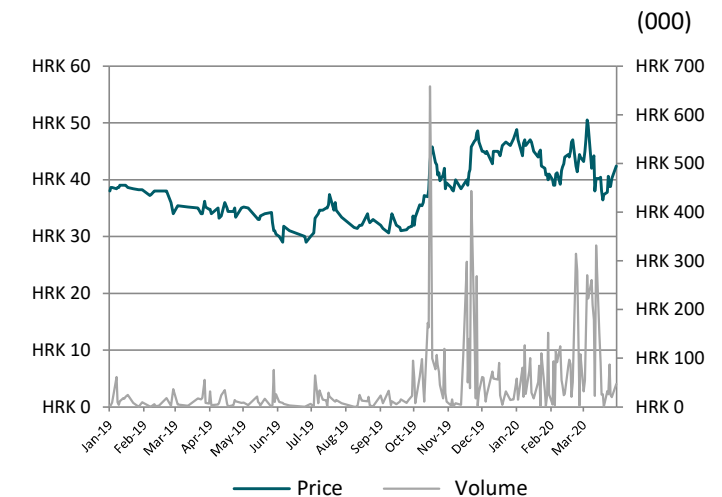
TPNG-R-A STOCK

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.

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. By March 31, 2020, 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 above-mentioned treasury shares. As of March 31st, 2020 the Company had 26,323 treasury shares.

Despite increased turnover on the Zagreb Stock Exchange during the first quarter of 2020, CROBEX indexes were down by 26.6%. During Q1 2020, 118,386 ordinary Company's shares were traded on Zagreb Stock Exchange, representing a turnover of HRK 5.1m, which is an increase of 12.9x compared to the previous year. The share price decreased by 10.2%, while the closing price for March 31st, 2020 was HRK 42.40. At the end of the year, the Company's market capitalization increased by HRK 370.3 million. We would like to point out that, 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. Above mentioned change has begun on March 23rd, 2020.





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 31ST MARCH, 2020

(UNAUDITED)

- I. Report of the Management Board on the Company's operations for the period from 1st January until 31st March, 2020
- II. Unaudited condensed quarterly financial statements:
 - Balance Sheet per as at 31st March, 2020
 - Profit and Loss Account for the period from 1st January until 31st March, 2020
 - Cash Flow Statement for the period from 1st January until 31st March, 2020
 - Statement of Changes in Equity for the period from 1st January until 31st March, 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
FIRST QUARTER OF 2020

TNG
Tankerska Next Generation

FOR THE PERIOD FROM 1ST JANUARY UNTIL 31ST MARCH, 2020

DESCRIPTION	Period 1 st Jan – 31 st Mar 2019	Period 1 st Jan – 31 st Mar 2020
Total revenues	HRK 73,636,385	HRK 69,281,336
Operating revenues / Total revenues	99%	100%
Other revenues / Total revenues	1%	0%
International market / Total revenues	100%	100%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	52%	36%
Employee costs / Operating expenses	20%	27%
Financial expenses / Total Expenses	11%	12%
Net margin	3.26%	24.35%
Accounting profit	HRK 2,385,622	HRK 16,865,197
Operating profit (EBIT)	HRK 10,207,791	HRK 23,182,336

During the reporting period the Company reported HRK 69.3 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 46.1 million of operating costs. The majority of operating expenses are the material costs HRK 16.4 million, depreciation in the amount of HRK 13.4 million (including HRK 446 thousand of dry dock expenses), employee costs in the amount HRK 12.6 million and other expenses in the amount of HRK 3.7 million.

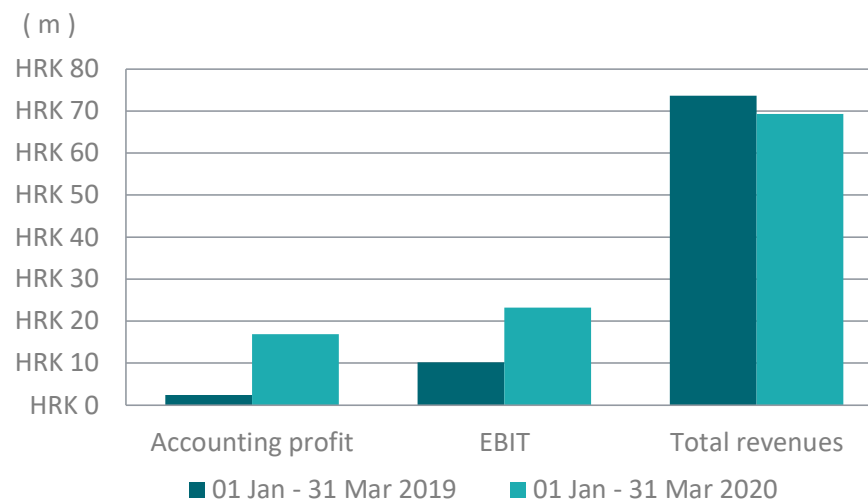
In the period ended 31st March 2020, financial income amounted to HRK 124 thousand while financial expenses amounted to HRK 6.3 million. In the reporting period, the Company achieved cumulative profit in the amount of HRK 16.9m.

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 the first quarter of 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 March 31, 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 March 31st, 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:

01/01/2020 to 31/03/2020

Year:

2020

Quarter:

1.

Quarterly financial statements

Registration number (MB): 04266838 Issuer's home Member State code: HR

Entity's registration number (MBS): 110046753

Personal identification number (OIB): 30312968003 LEI:

Institution code:

Name of the issuer: Tankerska Next Generation d.d.

Postcode and town: 23000 Zadar

Street and house number: Božidara Petranovića 4

E-mail address: tng@tng.hr

Web address: www.tng.hr

Number of employees (end of the reporting period): 137

Consolidated report: KN (KN-not consolidated/KD-consolidated)

Audited: RN (RN-not audited/RD-audited)

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

Bookkeeping firm: Yes (Yes/No) Tankerska plovidba d.d. (name of the bookkeeping firm)

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

Telephone: 023202132

E-mail address: tng@tng.hr

Audit firm: (name of the audit firm)

Certified auditor: (name and surname)

BALANCE SHEET			
balance as at 31.03.2020			
			in HRK
Submitter:			
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	1,197,569,937
I 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
II TANGIBLE ASSETS (ADP 011 to 019)	010	1,164,900,179	1,197,456,991
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	1,162,133,624	1,188,138,166
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	9,105,987
7 Tangible assets in preparation	017	205,833	212,838
8 Other tangible assets	018	0	0
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	109,229	112,946
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	112,946
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
C) CURRENT ASSETS (ADP 038+046+053+063)	037	89,135,543	81,026,060
I INVENTORIES (ADP 039 to 045)	038	5,360,667	5,173,225
1 Raw materials and consumables	039	5,360,667	5,173,225
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	24,673,566
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	24,188,795
4 Receivables from employees and members of the undertaking	050	6,532	37,430
5 Receivables from government and other institutions	051	25,915	48,235
6 Other receivables	052	53,774	399,106
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	6,649,911	6,876,225
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	6,876,225
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	61,061,698	44,303,044
D) PREPAID EXPENSES AND ACCRUED INCOME	064	3,241,424	21,190,656
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1,257,386,375	1,299,786,653
OFF-BALANCE SHEET ITEMS	066	0	0

A) CAPITAL AND RESERVES (ADP 068 to	067	665,234,069	704,015,309
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	92,414,766
1 Legal reserves	071	3,951,238	3,951,238
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	88,463,528
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	89,642,120
1 Retained profit	082	66,856,546	89,642,120
2 Loss brought forward	083	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 085-086)	084	23,340,242	16,865,197
1 Profit for the business year	085	23,340,242	16,865,197
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	514,288,584
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	514,288,584
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	60,969,405
1 Liabilities to undertakings within the group	108	1,788,218	3,669,200
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	48,382,745
7 Liabilities for advance payments	114	0	0
8 Liabilities to suppliers	115	5,128,524	3,854,527
9 Liabilities for securities	116	0	0
10 Liabilities to employees	117	4,769,215	4,833,613
11 Taxes, contributions and similar liabilities	118	111,495	130,654
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	44,892
E) ACCRUALS AND DEFERRED INCOME	122	20,507,017	20,513,355
F) TOTAL – LIABILITIES (ADP 067+088+095+107+122)	123	1,257,386,375	1,299,786,653
G) OFF-BALANCE SHEET ITEMS	124	0	0

STATEMENT OF PROFIT OR LOSS

for the period 01.01.2020 to 31.03.2020

in HRK

Submitter:

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 126 to 130)	125	73,351,505	73,351,505	69,263,016	69,263,016
1 Income from sales with undertakings within the group	126	0	0	0	0
2 Income from sales (outside group)	127	73,142,127	73,142,127	69,259,846	69,259,846
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	209,378	209,378	3,170	3,170
II OPERATING EXPENSES (ADP 132+133+137+141+142+143+146+153)	131	63,143,713	63,143,713	46,080,680	46,080,680
1 Changes in inventories of work in progress and finished goods	132	0	0	0	0
2 Material costs (ADP 134 to 136)	133	32,533,765	32,533,765	16,371,059	16,371,059
a) Costs of raw materials and consumables	134	17,016,172	17,016,172	8,256,755	8,256,755
b) Costs of goods sold	135	0	0	0	0
c) Other external costs	136	15,517,593	15,517,593	8,114,304	8,114,304
3 Staff costs (ADP 138 to 140)	137	12,363,931	12,363,931	12,621,569	12,621,569
a) Net salaries and wages	138	12,253,824	12,253,824	12,480,697	12,480,697
b) Tax and contributions from salary costs	139	79,675	79,675	99,211	99,211
c) Contributions on salaries	140	30,432	30,432	41,661	41,661
4 Depreciation	141	12,630,023	12,630,023	13,388,117	13,388,117
5 Other costs	142	4,319,435	4,319,435	3,576,024	3,576,024
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	1,296,559	1,296,559	123,911	123,911
III FINANCIAL INCOME (ADP 155 to 164)	154	284,879	284,879	18,320	18,320
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 operations with undertakings within the group	158	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	159	0	0	0	0
6 Income from other long-term financial investments and loans	160	0	0	0	0
7 Other interest income	161	281,564	281,564	18,320	18,320
8 Exchange rate differences and other financial income	162	3,315	3,315	0	0
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	8,107,049	8,107,049	6,335,459	6,335,459
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	0	0
3 Interest expenses and similar expenses	168	8,107,049	8,107,049	6,267,025	6,267,025
4 Exchange rate differences and other expenses	169	0	0	68,434	68,434
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	73,636,384	73,636,384	69,281,336	69,281,336
X TOTAL EXPENDITURE (ADP 131+165+175 + 176)	178	71,250,762	71,250,762	52,416,139	52,416,139
XI PRE-TAX PROFIT OR LOSS (ADP 177-178)	179	2,385,622	2,385,622	16,865,197	16,865,197
1 Pre-tax profit (ADP 177-178)	180	2,385,622	2,385,622	16,865,197	16,865,197
2 Pre-tax loss (ADP 178-177)	181	0	0	0	0
XII INCOME TAX	182	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 179-182)	183	2,385,622	2,385,622	16,865,197	16,865,197
1 Profit for the period (ADP 179-182)	184	2,385,622	2,385,622	16,865,197	16,865,197
2 Loss for the period (ADP 182-179)	185	0	0	0	0

Statement of profit or loss

UNAUDITED FINANCIAL STATEMENTS FOR THE
FIRST QUARTER OF 2020



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)	186	0	0	0	0
1 Pre-tax profit from discontinued operations	187	0	0	0	0
2 Pre-tax loss on discontinued operations	188	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	189	0	0	0	0
1 Discontinued operations profit for the period (ADP 186-189)	190				
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)	192	2,385,622	2,385,622	16,865,197	16,865,197
1 Pre-tax profit (ADP 192)	193	2,385,622	2,385,622	16,865,197	16,865,197
2 Pre-tax loss (ADP 192)	194	0	0	0	0
XVII INCOME TAX (ADP 182+189)	195	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 192-195)	196	2,385,622	2,385,622	16,865,197	16,865,197
1 Profit for the period (ADP 192-195)	197	2,385,622	2,385,622	16,865,197	16,865,197
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)	199	0	0	0	0
1 Attributable to owners of the parent	200	0	0	0	0
2 Attributable to minority (non-controlling) interest	201	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	2,385,622	2,385,622	16,865,197	16,865,197
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 204 to 211)	203	13,598,643	13,598,643	22,470,711	22,470,711
1 Exchange rate differences from translation of foreign operations	204	13,598,643	13,598,643	22,470,711	22,470,711
2 Changes in revaluation reserves of fixed tangible and intangible assets	205	0	0	0	0
3 Profit or loss arising from subsequent measurement of financial assets available for sale	206	0	0	0	0
4 Profit or loss arising from effective cash flow hedging	207	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
6 Share in other comprehensive income/loss of companies linked by virtue of participating interests	209	0	0	0	0
7 Actuarial gains/losses on the defined benefit obligation	210	0	0	0	0
8 Other changes in equity unrelated to owners	211	0	0	0	0
III TAX ON OTHER COMPREHENSIVE INCOME FOR THE PERIOD	212	0	0	0	0
IV NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 203-212)	213	13,598,643	13,598,643	22,470,711	22,470,711
V COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 202+213)	214	15,984,265	15,984,265	39,335,908	39,335,908
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)	215	0	0	0	0
1 Attributable to owners of the parent	216	0	0	0	0
2 Attributable to minority (non-controlling) interest	217	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method			
for the period 01.01.2020 to 31.03.2020			
			in HRK
Submitter: _____			
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	2,385,622	16,865,197
2 Adjustments (ADP 003 to 010):	002	20,886,008	19,696,889
a) Depreciation	003	12,630,023	13,388,117
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	-281,564	-18,320
e) Interest expenses	007	8,107,049	6,267,025
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	430,500	60,067
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	23,271,630	36,562,086
3 Changes in the working capital (ADP 013 to 016)	012	9,037,859	-25,559,991
a) Increase or decrease in short-term liabilities	013	16,209,853	1,010,874
b) Increase or decrease in short-term receivables	014	-10,605,063	-26,758,307
c) Increase or decrease in inventories	015	3,433,069	187,442
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	32,309,489	11,002,095
4 Interest paid	018	-6,800,788	-6,560,563
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	25,508,701	4,441,532
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	24,134	32,638
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	24,134	32,638
1 Cash payments for the purchase of fixed tangible and intangible assets	028	0	-6,306,817
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	0	-6,306,817
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	24,134	-6,274,179
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	-34,925,712	-15,806,705
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	-34,925,712	-16,361,373
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-34,925,712	-16,361,373
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	950,689	1,661,680
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-8,442,188	-16,532,340
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	47,947,101	51,179,269

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
FIRST QUARTER OF 2020



STATEMENT OF CHANGES IN EQUITY																		
for the period from 01/01/2020 to 31/03/2020																		
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	2,385,622	2,385,622	0	2,385,622	
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	13,598,643	0	0	0	0	0	0	13,598,643	0	13,598,643	
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	0	0	0	0	0	0	0	0	0	0	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	3,637,013	996,600	996,600	0	61,925,256	0	0	0	0	67,170,771	2,385,622	640,211,888	0	640,211,888	
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	13,598,643	0	0	0	0	0	0	13,598,643	0	13,598,643	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+24)	25	0	0	0	0	0	0	13,598,643	0	0	0	0	0	2,385,622	15,984,265	0	15,984,265	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 22)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
FIRST QUARTER 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	0	90,196,788	665,234,069	665,234,069
2 Changes in accounting policies	28								0	0	0	0	0	0	0	0
3 Correction of errors	29								0	0	0	0	0	0	0	0
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	0	90,196,788	665,234,069	665,234,069
5 Profit/loss of the period	31	0	0	0	0	0	0	0	0	0	0	0	0	16,865,197	16,865,197	16,865,197
6 Exchange rate differences from translation of foreign operations	32	0	0	0	0	0	0	22,470,711	0	0	0	0	0	0	22,470,711	22,470,711
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	0	-554,668	-554,668	-554,668	-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	0	0	0	0	0	0	0	0	0	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	3,951,238	1,551,268	1,551,268	0	88,463,528	0	0	0	0	89,642,120	16,865,197	704,015,309	704,015,309
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	22,470,711	0	0	0	0	0	0	22,470,711	22,470,711
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 31+50)	51	0	0	0	0	0	0	22,470,711	0	0	0	0	16,865,197	39,335,908	39,335,908	39,335,908
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 41 to 48)	52	0	0	0	554,668	554,668	0	0	0	0	0	0	-554,668	-554,668	-554,668	-554,668

1. General information

Tankerska Next Generation Inc. 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 March 31st, 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 March 31st, 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 March 31st, 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 6.3m in the procurement of ballast water treatment systems.

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. 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 March 31, 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.

5. Earnings per Share

EARNINGS PER SHARE	Period	
	1 st Jan - 31 st Mar 2019	1 st Jan - 31 st Mar 2020
Net (loss) / profit to shareholders	2,385,622	16,865,197
Weighted average number of shares	8,720,145	8,716,890
Basic (loss) / earnings per share	HRK 0.27	HRK 1.93

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 - 31 st Mar 2019	1 st Jan - 31 st Mar 2020
Sales to related parties	HRK 0	HRK 0
Purchase from related parties	HRK 4,147,364	HRK 4,128,684
Receivables from related parties	HRK 11,807	HRK 0
Liabilities towards related parties	HRK 8,124,369	HRK 3,669,200
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

Since the beginning of January 2020, the shipping environment has been very volatile. The overall impact on the Company's operations has been limited to logistics, while the MR tanker market has shown extreme highs which are driven by a combination of Covid-19, market contango and floating storage.

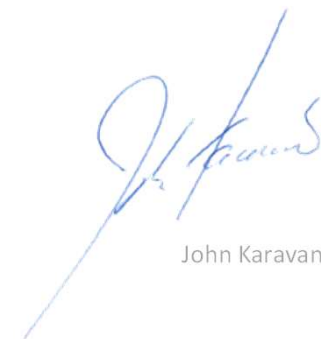
Despite mentioned above, there were no other events after the balance sheet date that would have a material effect on the Company's financial statements at 31 March 2020.

III. STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The financial statements for the period starting January 1st, 2020 and ending March 31st, 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 March 31st, 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, April 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.

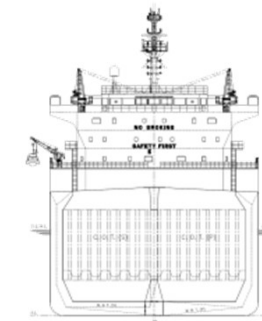
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability

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.

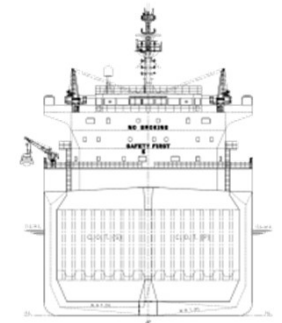
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo 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

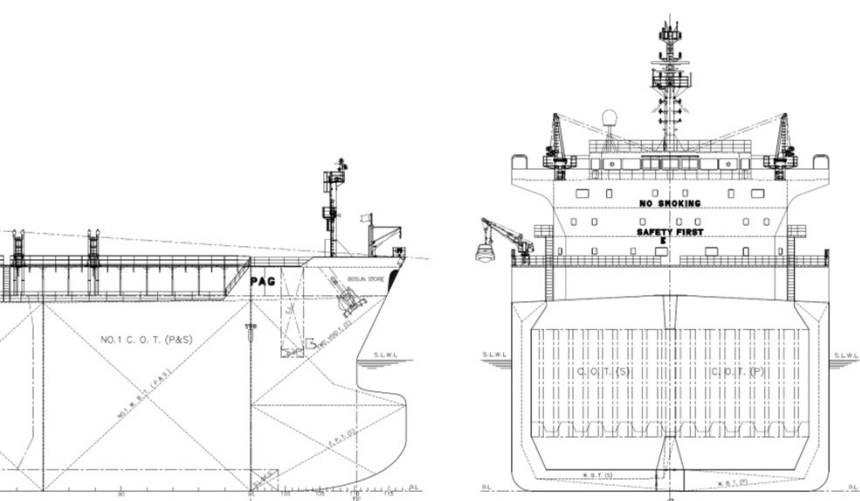
shipping activities taxed on the basis of the net tonnage of their fleet instead of on the basis of their actual profits. Companies, having opted for the tonnage tax, must remain subject to this regime for the following 10 years. The qualifying company has to be a shipping company liable under the Croatian 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
FIRST QUARTER 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
FIRST QUARTER 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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