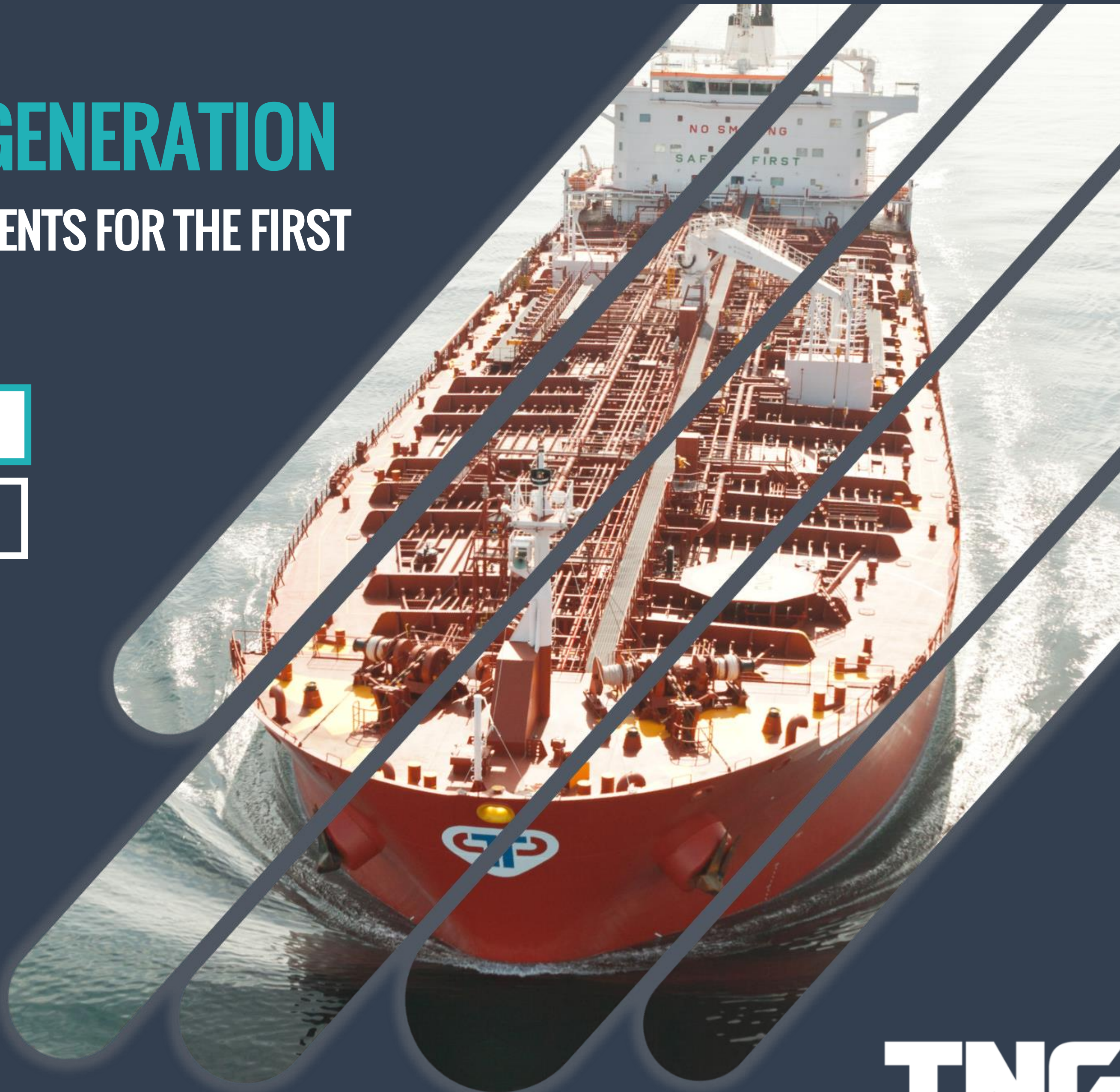
TANKERSKA NEXT GENERATION

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2021

2021

Q1 Q2 Q3 Q4



Tankerska Next Generation

Contents

Comments from the CEO

Results Q1 2021

Vessel revenues
USD 8.02m

EBITDA
USD 1.35m

EBIT
USD (0.67m)

Net income
USD (1.45m)

TCE NET
10,600 USD/day

OPEX
6,967 USD/day

AFTER A YEAR LIKE NO OTHER

COVID-19 was the subject no one in the civilized world could avoid in 2020. Consequently, 2021 has already been labelled as a “post COVID-19” year implicating we are on our way out. Let’s hope so; although the agenda has remained much the same.

Much still depends on the race between the virus and vaccines. Obviously greater progress with vaccinations can boost the forecast, while new virus variants that evade vaccines can lead to a sharp decline.

With the vaccine presence, as a viable solution in the vast majority of countries worldwide, after just over a year since the pandemic was declared, we praise today’s scientific achievements, hoping that echoing this progressiveness could also one day prevail in the shipping world in its race to decarbonize in a sensible and appropriately paced manner. Let’s keep in mind roughly ninety percent of the world's goods are transported by sea with over seventy per- cent as containerized cargo. In the meantime, while sitting in the technological lobby, deep sea shipping should be capable of reaching a consensus whereby slow steaming becomes the intermediate standard. This after all requires very little, if any technical upgrading on board, has proven to work in the past (albeit with different motives) and provides instant results once the goal posts are set. Ultimately, this is the lowest hanging fruit which generates savings while converging towards an environmental goal without additional investment which is the last thing Owners need under the circumstances.

At the other end of the spectre, Tankerska Next Generation signed an additional long-term loan facility agreement in an aggregate amount of USD 35.3 million. The loan agreement was concluded with the current creditor for a loan tenor of 5 years. The Company aims to utilize the majority of funds for the early repayment of the existing loan facility of the same creditor maturing in January 2022, which partly financed M/T Velebit, M/T Vinjerac and the purchase of newbuilding M/T Pag during 2015. The remaining funds will be invested in the above-mentioned vessels in order to maintain their high level of competitiveness.

The signing of this financial arrangement confirms the Company’s recognized position in the international banking market and provides continuous cooperation with a prominent international creditor. Following its strategy of maintaining financial stability and liquidity, the Company has now fully implemented the plan to refinance its credit liabilities maturing in 2021 and 2022 thus avoiding possible tighter financial conditions on the horizon.

By concluding this financial arrangement, in addition to the one previously finalized in late 2020, the Company has now secured competitive refinancing for the whole fleet for the upcoming five-year period.

Tankerska Next Generation’s first quarter financial results were mostly in line with the bleak outcome Q3 and Q4 in 2020 and were significantly impacted by:

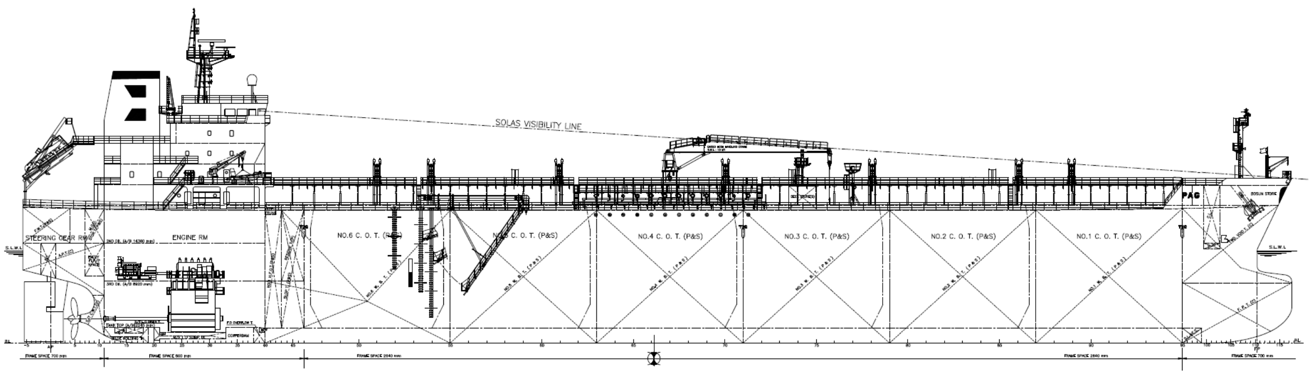
- *Spot market exposure in grim market conditions*
- *The somewhat extended dry-docking of MT Pag compounded by unfavourable weather conditions*
- *Days out of commercial service due to crew change complexity*

Comments from the CEO

Finally, instead of reflecting on the importance of crew change and the role authorities and governments need to play to safeguard the health and safety of seafarers sailing on board ships but by no means reaching any conclusions in this particular case we choose to round off this commentary with some food for thought;

In March 2021, the Suez Canal was blocked for six days after the grounding of a 400-metre-long vessel that ended up wedged across the waterway with bow and stern stuck in the canal banks, blocking all traffic through the canal until it could be freed. As one of the world's busiest trade routes, the canal obstruction had a significant negative impact on trade between Europe and Asia and the Middle East. On 28 March, at least 369 ships were queuing to pass through the canal. This prevented an estimated $9.6 billion worth of trade. (Wiki)

John Karavanić, CEO



Market environment

Global market environment

It is about one year since COVID-19 was declared a global pandemic, a year tarnished with the loss of many lives. The rising human toll worldwide and the countless numbers of people that remain unemployed are gruesome results of the extreme social and economic strain that the global community still needs to cope with.

Yet, even with high uncertainty about the path of the pandemic, a way out of this health and economic crisis is becoming increasingly visible. Additional fiscal support introduced by economies, (especially the United States) on top of an already unprecedented fiscal response last year and continued monetary accommodation further brighten economic prospects.

The IMF is now projecting a stronger recovery in 2021 and 2022 for the global economy compared to earlier ones, with growth projected to be 6 percent in 2021 and 4.4 percent in 2022. Nonetheless, the outlook presents daunting challenges related to disparity in the speed of recovery both across and within countries and the potential for persistent economic damage from the crisis.

Among advanced economies, the United States is expected to surpass its pre-COVID GDP level this year, while many others in the group will return to their pre-COVID levels only in 2022. Biden administration’s $1.9 trillion rescue package is expected to further boost GDP over 2021–22, with significant spillovers to main US trading partners.

Similarly, among emerging market and developing economies, China had already returned to pre-COVID GDP in 2020, whereas many others are not expected to do so until well into 2023.

A high degree of uncertainty surrounds these projections, with many possible downside and upside risks. Countries will need to work together to resolve production bottlenecks, ramp up production and ensure universal access.

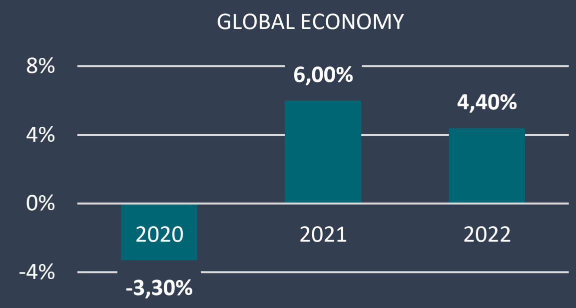
European countries (for example, Cyprus, Italy, Malta, Portugal, Spain and Croatia), were able to salvage part of the summer tourist season by reopening in mid-2020. But this was followed by a surge in infections that forced new lockdowns in the last months of 2020, carrying over to 2021. GDP growth for 2022 has been revised up by 0.7 percentage point to 3.8 percent in the euro area and by 1.9 percentage points in the United Kingdom to 5.1 percent according to the IMF.

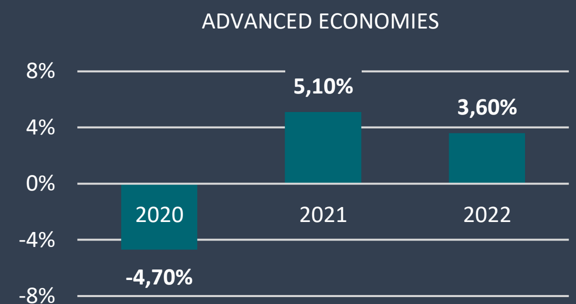
In emerging market and developing economies, vaccine procurement data suggest that effective protection will remain unavailable for most of the population in 2021.

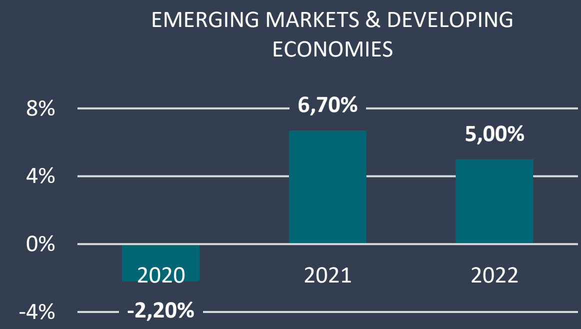
Considerable differentiation is expected between China (where effective containment measures, a forceful public investment response, and central bank liquidity support have facilitated a strong recovery) and others.

For the Middle East and Central Asia, projections for 2021 have remained broadly unchanged but reflect significant differences among countries, depending on the path of the pandemic, vaccine rollouts, tourism dependence, oil price developments, and policy space and actions. (IMF)

WORLD ECONOMIC OUTLOOK APRIL 2021







IMF, April 2021

The main downside risk factors include the following:

Pandemic resurgence: Vaccine-resistant strains are potential headwinds for economic activity, as are operational risks, such as vaccine production and distribution delays. Excessive staggering across different regions may trigger start-stop patterns in the response to re-emerging infection hotspots, extending the period of social distancing and uncertainty facing households, firms, and policymakers.

Tighter financial conditions: A reassessment of market fundamentals (such as in response to adverse COVID-19 developments or earlier-than-expected withdrawal of policy support), an increase in core sovereign yields (in response to large fiscal support), or a re-evaluation of inflation risks (following inflation surprises in the context of large monetary and fiscal support) could trigger a sharp repricing of financial assets.

Higher risk premiums would generate financing difficulties for leveraged firms. Tighter financial conditions would hamper growth prospects. This could lead to further repricing of financial assets in a potentially dangerous feedback loop.

The longer the recession, the more likely it is that such effects will be permanent, especially in emerging market and developing economies, where the prevalence of relatively small firms and shallow capital markets could dampen investment.

Geopolitical, trade, and technology risks: Many pre–COVID-19 risk factors continue to be relevant. Tensions between the United States and China remain elevated on numerous fronts, including international trade, intellectual property, and cybersecurity. Economic disparities arising from the pandemic downturn may also prompt new trade barriers, motivated by the need to protect domestic workers. Furthermore, risks of protectionist tendencies surrounding technology are emerging. Protectionist tendencies could extend to medical supplies and COVID-19–related pharmaceutical advances, which would impede the global supply of vaccines.

On the upside, the main risks to the outlook include the following:

Expedited vaccine production and rollout: New vaccines are being approved on an ongoing basis. While operational challenges are large, these may be overcome sooner than anticipated, especially if more vaccines are approved that do not require cold chain low-temperature storage or can be administered in one jab. Finally, as vulnerable populations are vaccinated and hospitalization rates decline, the fear of becoming infected could rapidly disappear. Improved consumer sentiment would boost services consumption.

Unanticipated larger effects from fiscal support: In contrast to the fiscal response in the aftermath of the global financial crisis, fiscal support—as part of policymakers' response to the pandemic—has been remarkably strong and could have larger effects than currently projected. Moreover, advanced economies may still have untapped fiscal space that could be used to engineer a much stronger recovery, minimize the extent of scarring, and accelerate the shift to lower carbon dependence.

Coordinated policies: Monetary and fiscal policy easing came in a strong and synchronized fashion during the early phase of the pandemic

IMF, April 2021

Oil markets

We see strong potential of China and India with a combined population of 2.5 billion in a world of 7.0 billion. Their per capita oil consumption is at extremely low levels and have already embarked on an aggressive industrialization program.

China and India will continue to be the main drivers behind oil demand growth in 2021. (IEA, IMF, Clark)

The global economy and oil markets are recovering from the historic collapse in demand caused by the coronavirus pandemic in 2020. The staggering inventory surplus that built up last year is being worked off and global oil stocks, excluding strategic reserves, will return to pre-pandemic levels in 2021. And yet, there may be no return to “normal” for the oil market in the post-Covid era according to IEA.

The pandemic has proclaimed changes in behavior: from new working-from-home models to cuts in business and leisure air travel. At the same time, more and more governments are focusing on the potential for a sustainable recovery as a way to accelerate momentum towards a low-carbon future.

These forces are creating a dilemma for oil-producing countries and companies that are reluctant to leave resources in the ground or build new capacity that could sit idle.

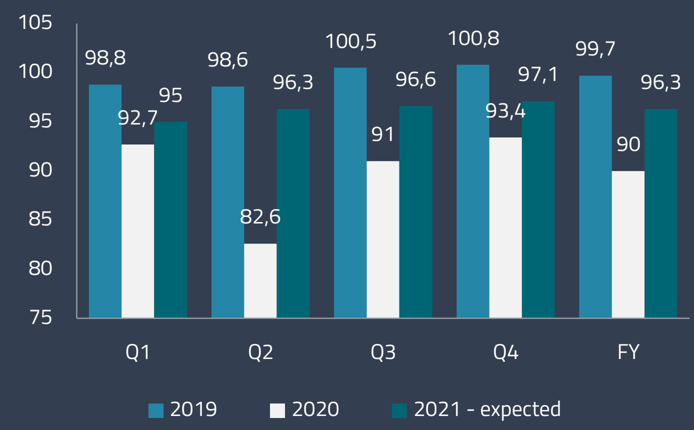
But if this leads to a shortfall in investment, it could also have geopolitical implications and heighten the risk of supply shortages later on which could be advantageous for shipping.

Global oil demand, still reeling from the effects of the pandemic, is unlikely to catch up with its pre-Covid trajectory. In 2020, the oil demand was over 9 mb/d below the level seen in 2019, and it is not expected to return to that level before 2023. In the absence of more rapid policy intervention and behavioral changes, longer-term drivers of growth will continue to push up oil demand.

All of this demand growth relative to 2019 is expected to come from emerging and developing economies, underpinned by rising populations and incomes. Asian oil demand will continue to rise strongly, albeit at a slower pace than in the recent past. OECD demand, by contrast, is not forecasted to return to pre-crisis levels.

The speed and depth of the recovery is likely to be uneven both geographically and in terms of sectors and products. Gasoline demand is unlikely to return to 2019 levels, as efficiency gains and the shift to electric vehicles eclipse robust mobility growth in the developing world while aviation fuels, the hardest hit by the crisis, are expected to slowly return to 2019 levels by 2024. (EIA)

Global oil demand
(million barrels per day)



Global crude oil and liquid fuels production
(million barrels per day)

EIA (US Energy Information Administration), April 2021
IMF, April 2021
Clarksons Platou, April 2021

Demand recovery path uneven

According to forecasts, the Covid-induced demand shock and a shifting momentum towards investment in clean energy are set to slow the expansion of the world's oil production capacity. At the same time, the historic collapse in demand in 2020 resulted in a record 9 mb/d spare production capacity cushion that would be enough to keep global markets comfortable at least for the next several years.

Against this backdrop, it is hardly surprising that upstream investments and expansion plans have been scaled back. In 2020, operators spent one-third less than planned at the start of the year (and 30% less than in 2019). In 2021, total upstream investment is expected to rise only marginally.

Those sharp spending cuts and project delays are already constraining supply growth across the globe, with world oil production capacity now set to increase by 5 mb/d by 2026. In the absence of stronger policy action, global oil production would need to rise 10.2 mb/d by 2026 to meet the expected rebound in demand.

Producers from the Middle East are expected to provide half of the increase, largely from existing shut-in capacity. If Iran remains under sanctions, keeping the world oil market in balance may require Saudi Arabia, Iraq, the UAE and Kuwait – with their surplus capacity – to pump at or near record highs.

The global market still looks adequately supplied through much of the medium term. But in the absence of fresh upstream investments, the spare capacity cushion will slowly erode. By 2026, global effective spare production capacity (excluding Iran) could fall to 2.4 mb/d, its lowest level since 2016.

Spending cuts slow world oil supply growth

While the upstream sector could see its capacity cushion deflate, the refining sector is struggling with excess capacity. The Covid-19 demand shock, large scale expansions and expectations of a long-term structural decline in demand are creating an overhang that can only be eradicated through massive closures.

A third wave of worldwide refinery rationalisation is currently underway. Global shutdowns of 3.6 mb/d have already been announced, but a total of at least 6 mb/d will be required to allow utilisation rates to return to above 80%.

Operations east of Suez are expected account for all the growth in refining activity to 2026 from 2019 levels. As a result, Asian crude oil imports are projected to surge to nearly 27 mb/d by 2026, requiring record levels of both Middle Eastern crude oil exports and Atlantic Basin production to fill the gap. The centre of gravity for refined products trade is also set to shift to Asia, resulting in the region's oil import dependence rising to 82% by 2026.

Fast-evolving government plans to accelerate transitions towards a more sustainable future have created a high degree of uncertainty that is testing the oil industry. It is crucial to invest in the upstream sector even during rapid transitions in which it would still take years to shift global transport fleets away from internal combustion engines to electric vehicles and other low-carbon alternatives. Some sectors – such as aviation, shipping and petrochemicals – will continue to rely on oil for some time according to EIA.

EIA (US Energy Information Administration), April 2021

Shipping markets

The shipping industry needs to sustain its "business as usual" operations, amid an increasingly volatile set of market and macro challenges, there is also a need to consider the big picture.

In tankers, the incredible highs and lows of last 2020 brought record rates and record profits, quickly evaporated by desperately poor earnings touching decade year lows.

On the bright side this year is that vessel supply, more by coincidence than proper planning, is manageable, having hit a 30-year low point due to a combination of scarce and ESG regulated finance and hesitancy from owners looking at the low-carbon transitional options.

Fewer newbuildings in today's market is not a bad thing given that one may learn off other people's mistakes, and anything that can prevent speculative ordering in shipping cycles is welcomed. However, a low orderbook per se, does not do much. You need demand to return to recalibrate the fleet. And that's where we still have no real certainty.

Overall, as owners maintain a positive sentiment regarding the wet market and combined with an aging fleet, this tendency has led to an increased number of n/b orders by historical standards vs where the actual market stands, especially in the VLCC segment.

However, tankers supply dynamics still look favorable over the next two years, as total orderbook as a % of the fleet continues to start at multiyear lows, with VLCCs orders below 10% of the fleet in dwt terms and below 9.0% for the rest of the crude segments.

Tankers

Britain, China, France, Germany and Russia remain in the Iran nuclear deal i.e. JCPOA and strongly back a return of the United States, believing the deal addressed the most pressing concern with Iran.

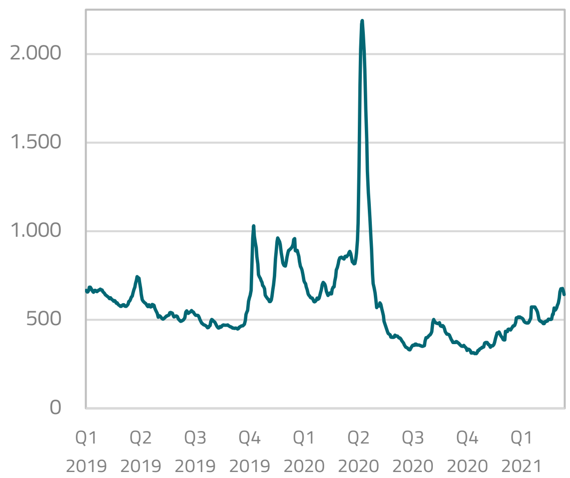
US president has pledged to re-join 2015 accord if Tehran returns to compliance, but duplicative restrictions imposed by Trump administration complicate the lifting of sanctions. The Biden administration, while agreeing on the JCPOA's value, has stressed that it is waiting for Iran first to roll back steps away from compliance that it took to protest Trump's sanctions.

An Iranian presidential election in June could complicate matters if a hard line leader would take over. The National Iranian Tanker Company would, in theory, have sufficient tonnage to transport the expected additional production of 2 million barrels per day but with an average age profile of 15 years much of the fleet would not be able to meet age criteria for successful employment. Conversely, additional utilization of NITC tonnage would hamper OPEC+'s ability to potentially expand its crude output.

During Q1, on the product tanker side of the market a common denominator was overall uninspiring demand, given the slower than expected economic recovery more apparent in the west of Suez market than the east. The pressure from the increased tonnage lists has led owners to accept much lower rates, a trend that is now gradually beginning to change at least in comparison to the 1st quarter of 2021.

Period charter rates in Q1 remained untouched, with the one-year period daily charter rate standing as low as USD 12,250 for conventional MR2s. Figures remain far behind long term averages. Meanwhile, the spot market was also subdued, with the average TCE falling to about USD 4,736 per day.

Baltic Clean Tanker Index - BCTI



Lloyds List, April 2021.
Intermodal, April 2021.
Allied, April 2021.

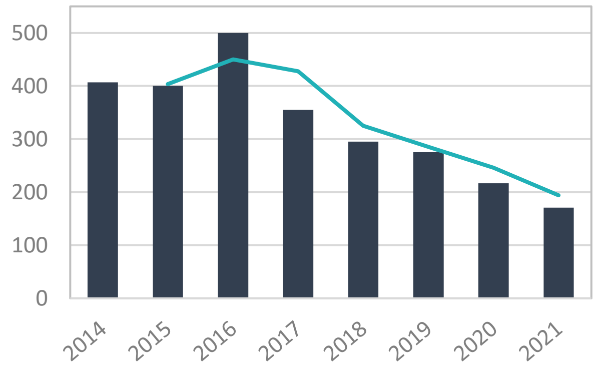
MR product tanker fleet

The product tanker fleet grew by 3,3% in 2020 which shows slowing down from last years growth which amounted to 3,6%. About 4.7 million DWT in the MR segment was delivered in 2020, which is 12% less than in 2019 (5.3 million DWT) which presents a potential long-term positive impact on the product tanker market.

During 2020. a total of 19 tankers were sent to scrap which amounts to 0,73% of the fleet in comparison to 1,10% in the year before and 2,06% in 2018. During 2021 a total of 10 vessels was sent to scrap up to date.

Until 31st March '21, there has been a delivery of 26 newbuildings with 98 vessels scheduled to be delivered by the end of the year.

MR orderbook at the year beginning



MR product tankers

QUICK OVERVIEW **(MR 25-59.999 DWT)**

Key fleet figures

as at 01st April 2021

In Service:	**2,634** vessels
total dwt capacity:	115,693,233 dwt
year to date growth	0,61%
Over 20yrs:	**273** vessels
total dwt capacity:	10,959,535 dwt
as percentage of fleet:	10,36 %
On order:	**166** vessels
total dwt capacity:	7,577,267 dwt
as percentage of fleet:	6.30 %

Remaining deliveries for 2021

as at 01st April 2021

Scheduled:	**98** vessels
total dwt capacity:	4,404,808 dwt
as percentage of fleet:	3.72 %

Changes in 2021

as at 01st April 2021

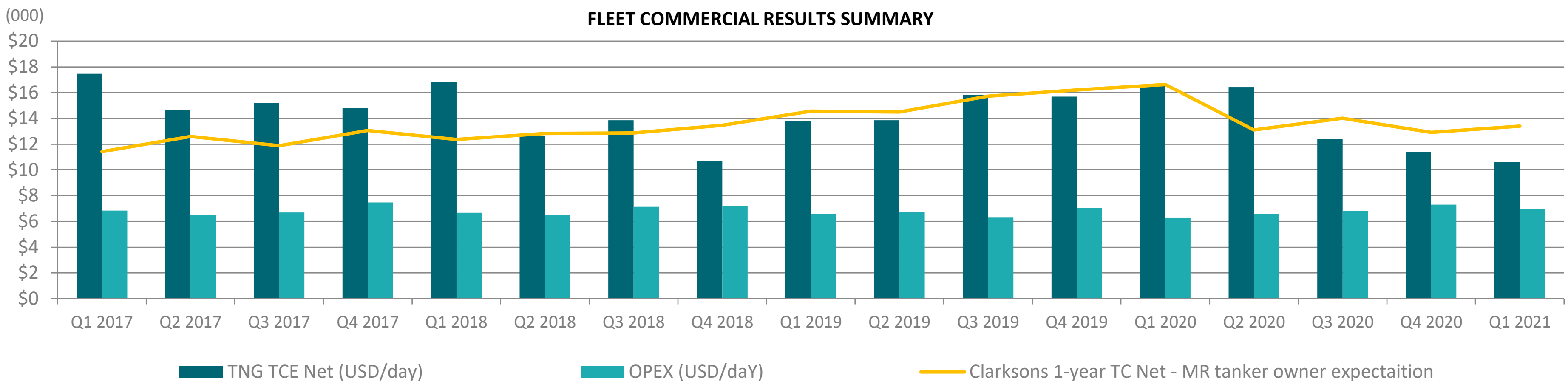
Deliveries:	**26** vessels
total dwt capacity:	1,178,974 dwt
as percentage of fleet:	0.99 %
of which in March '21:	7 vessels
New orders:	**17** vessels
total dwt capacity:	810,845 dwt
as percentage of fleet:	0.65 %
of which in March '21:	9 vessels
Scrapped:	**10** vessels
total dwt capacity:	392,214 dwt
as percentage of fleet:	0.38 %
of which in March '21:	5 vessels

Allied, April 2021.

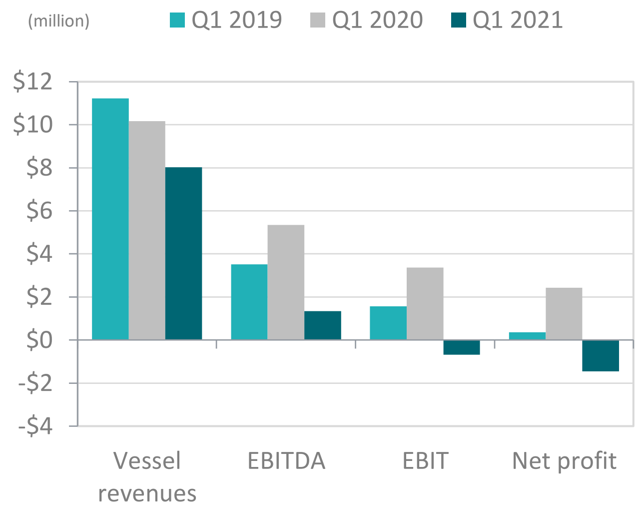
Results for the period

Tankerska Next Generation

Results



SELECTED FINANCIALS	HRK 000				USD 000			
	Q4 2019	Q1 2020	Q4 2020	Q1 2021	Q4 2019	Q1 2020	Q4 2020	Q1 2021
Vessel revenues	66,789	69,260	51,244	**50,020**	9,955	10,171	8,050	**8,018**
EBITDA	30,648	36,581	11,212	**8,165**	4,571	5,343	1,766	**1,348**
EBIT	12,700	23,194	(57,748)	**(4,600)**	1,887	3,373	(9,405)	**(674)**
Net profit	5,778	16,865	(62,509)	**(9,463)**	903	2,429	(10,167)	**(1,446)**



Results for Q1 2021

In the first quarter of 2021, vessels' revenues reached HRK 50.2 million (USD 8.0m), which is a significant decrease compared to revenues generated in the same period in 2020 when they amounted HRK 69.3 million (USD 10.2 million).

This decrease comes as a result of drydocking for m/t Pag, i.e. 19.31 days of docking during January and „off hire" days due to challenging conditions in performing crew change during the COVID-19 pandemic. However, the strongest impact on this decrease is due to the record low freight rates on the spot market recorded in the first quarter of 2021, in contrast to the same quarter of the previous year when record high spot market rates were recorded.

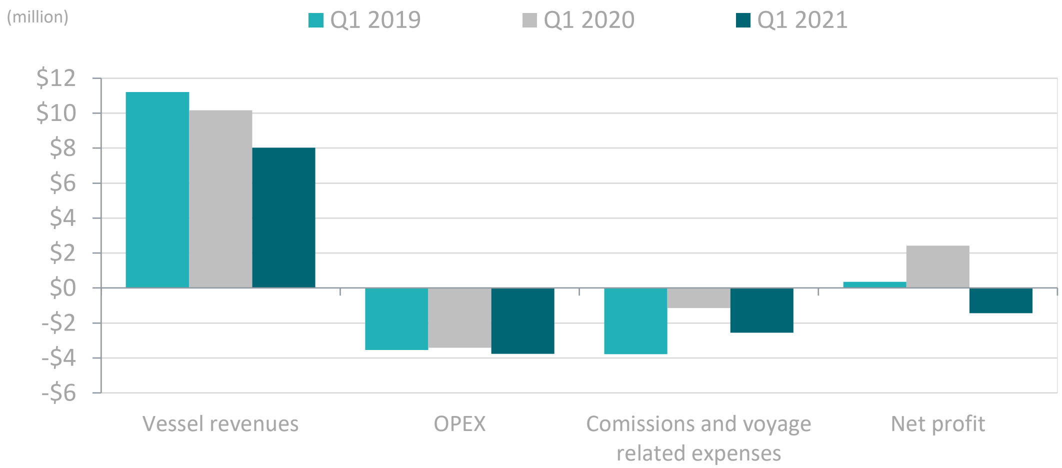
Commissions and voyage associated costs amounted to HRK 16.2 million (USD 2.6 million) in the first quarter of 2021, while in the same period of 2020 they added up to HRK 7.8 million (USD 1.3 million). This ascend in expenses can be attributed to higher exposure to the spot market during the first quarter of 2021 compared to the same period last year. Operating expenses of the fleet amounted to HRK 23.5 million (USD 3,8 million) administrative expenses amounted to HRK 1.8 million (USD 0.3 million).

Profit before interest, taxes, depreciation and amortization (EBITDA) in the first quarter of 2021 amounts to HRK 8.3 million (USD 1.3 million) and was significantly reduced compared to the same period last year when it amounted to HRK 36.6 million (USD 5.3 million).

All vessels are depreciated over an estimated useful life span of 25 years on a linear basis to their residual value, which represents their scrap value on the international market. Depreciation costs in the first quarter of 2021 amounted to HRK 12.8 million (USD 2.1 million), with depreciation of drydocking in amount of HRK 1.3 million included.

Net interest expenses amounted to HRK 4,9 mil. (USD 0.8 million) and decreased compared to Q1/2020 when they amounted to HRK 6.3 million (USD 0.9 million) due to the favourable impact of the reduction of the respective LIBOR rate.

The significant reduction in vessel revenues presents itself in the operating loss (EBIT) amounting to HRK 4.6 million (USD 0.7 million), while the net loss of the Company in the first quarter of 2021 amounts to HRK 9.5 million (USD 1.4 million).



Operational data of the fleet

Tankerska Next Generation

TNG's CURRENT FLEET

Currently TNG's fleet consists of six MR tankers (Velebit, Vinjerac, Vukovar, Zoilo, Dalmacija and Pag). The Group owns an operating fleet which consists of two conventional ice class tankers and four eco-design modern product tankers with a total capacity of around 300,000 dwt. As of March 31, 2021, the average age of the vessels in TNG's fleet was 6.95 years.

During 2020. three Eco tankers from TNG's fleet underwent their regular five year drydocking, while m/t Pag started its drydock in December 2020 and concluded it in January 2021.

Vessel	Year built	Type	Employment	Hire rate (USD/day)
Velebit	2011	ICE class MR product	Bryggen, SPOT	16.000 (until mid Jan 2021), after SPOT
Vinjerac	2011	ICE class MR product	Clearlake	15.250 (until May 2022)
Vukovar	2015	Eco MR product	EXXON	17.050 (do kraja kolovoza 2023)
Zoilo	2015	Eco MR product	CSSA	11.850 -> 12.840 -> 13.825-> (14.800) (max. until Nov 2021)
Dalmacija	2015	Eco MR product	SPOT tržište	SPOT (from Jul 2020)
Pag	2015	Eco MR product	SPOT tržište	SPOT (from Jul 2020)

CURRENT CHARTERING STRATEGY

Vinjerac
At the beginning of May 2020, a two-year time charter contract was secured for m/t Vinjerac. The tanker is under contract with the Charterer Clearlake Shipping ("Clearlake") at an agreed hire rate of USD 15,250 per day. The Charterer has the option to extend the contract for a third year with a freight rate of USD 15,750 per day.

Velebit
During the fourth quarter of 2020, m/t Velebit was redelivered from time charter with Clearlake Shipping ("Clearlake"). Afterwards, the vessel was employed on a short-term time charter contract with Bryggen Shipping International AS ("Bryggen") with a hire rate of 16.000 USD per day, after which the vessel has been employed on the spot market and strategically repositioned to Far East which enabled cost-effective contracting of the regular five-year drydock planned for early Q2/2021.

Vukovar
During July 2020, the tanker performed a regular five-year drydock, after which it was delivered to Exxon Mobil ("Exxon") in August 2020 in accordance with a three-year time charter contract in the amount of USD 17,050 per day with the option to extend for another year at USD 18,000 per day.

Pag
The short-term time charter contract with Koch Shipping („Koch") for m/t Pag which lasted approximately 6 months with a hire rate of 16,850 USD per day expired in early July 2020, after which the vessel was employed on the spot market, and during December 2020 the vessel began its regular five-year drydock. After the completion of drydock, the vessel continued its employment in the spot market.

Zoilo
Following the completion of a regular five-year drydock carried out in Q3/2020 for m/t Zoilo, a time charter contract was concluded in mid-November 2020 with the Charterer CSSA Chartering Shipping Services SA ("CSSA") with a maximum duration of up to 12 months in Charterer's option with escalating hire rates.

Dalmacija
After the redelivery from the time charter contract with Trafigura Maritime Logistics ("Trafigura") in Q3/2020, a regular five-year drydock was performed for m/t Dalmacija, after which the vessel was predominately employed on the "spot" market.

Operational data of the fleet

OPERATIONAL DATA OF THE FLEET	Q1 2020.	Q2 2020.	Q3 2020.	Q4 2020.	FY 2020.	Q1 2021.
Time Charter Equivalent rates (USD/day)	16,580	16,274	12,371	11,403	14,250	**10,600**
Daily vessel operating expenses (USD/day)	6,264	6,896	6,813	7,315	6,823	**6,967**
Operating days	546	546	552	552	2,196	**540**
Revenue days	545	545	461	528	2,079	**514**
Fleet utilization (%)	99.7%	99.7%	83.5%	95.7%	94.7%	**95,3%**

Tankerska Next Generation takes on the conservative approach of fixing its employment charters for its fleet, which was confirmed in the escalating market conditions when key time charters were concluded. At the time, the concluded time charter contracts enabled TNG to achieve results above the market average. In Q1/2021 tankers were employed on time charter contracts for 287 days out of 514 revenue days, which gives 55,8% of revenue days which mitigated the softer spot market rates.

The average TCE net daily rate for Q1/2021 equates to USD 10,600, while the average daily vessel operating expenses (OPEX) in the same period amounted to USD 6,967 per vessel, which is an increase in comparison to the last years result, primarily due to higher cost of crew changes in regard to the difficulties brought in by the pandemic.

During Q1, a total of 25.6 days without income were recorded, mostly due to 19.3 days spent by m/t Pag in the regular five-year drydock, while the remaining 6.3 off-hire days were recorded due to challenging conditions in performing crew change during the COVID-19 pandemic.

The Ballast Water Convention of the International Maritime Organization entered into force on September 8, 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 are installed on vessels following a five-year drydock cycle that started in mid 2020.

During 2020, the BWTS was installed in two out of three tankers that had their regular five-year drydocks (m/t Zoilo and m/t Vukovar; while m/t Dalmacija had the system installed already as a newbuilding).

M/t Pag concluded its regular five year drydock during January 2021 which included the installation of the ballast water treatment system. Therefore, the installation of the system remains for m/t Vinjerac (in Q2) and m/t Velebit whose regular five-year drydocks are scheduled during 2021.

Based on the dockings done so far, we can conclude that the actual costs are in line with the plan. In other words, the average cost of delivery and installation of BWTS and the cost of docking amounted about USD 1.7 million per vessel, keeping in mind that the Eco tanker m/t Dalmacija was delivered from the shipyard as a newbuilding with an already implemented ballast water treatment system, therefore its cost of drydocking amounted to USD 0.77 million.

Financial position summary

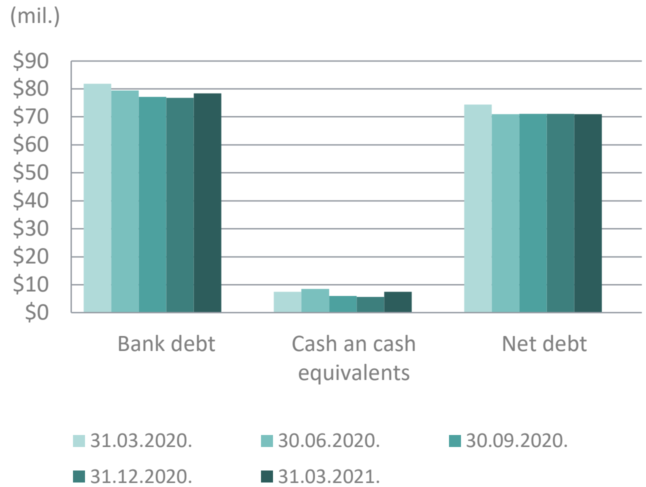
Financial position summary

Tankerska Next Generation concluded the first quarter of 2021 with the gearing ratio of 43%, which remained the same in comparison to the end of 2020. The 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.

During Q1/2021, a long-term loan agreement was signed in the total amount of USD 35.3 million. The loan was concluded with the current creditor ABN AMRO Bank N.V. for a period of 5 years, and was used for early repayment of the existing loan maturing in January 2022, which partly financed m/t Velebit, m/t Vinjerac, and the acquisition of newbuilding m/t Pag in 2015.

Following its strategy of maintaining financial stability and liquidity, by concluding this financial arrangement, and in addition to the one previously finalized in Q4/2020, the Company fully implemented the plan to refinance its credit liabilities maturing in 2021 and 2022 and has now secured competitive refinancing for the whole fleet for the upcoming five-year period.

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.



FINANCIAL POSITION SUMMARY	HRK 000					USD 000				
	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	31 Mar 2020	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021
Bank debt	562,672	533,142	497,769	471,431	**505,524**	81,828	79,483	77,137	76,792	**78,392**
Cash and cash equivalents	51,179	57,073	38,868	34,804	**47,900**	7,443	8,509	6,023	5,669	**7,428**
Net debt	511,493	476,069	458,901	436,627	**457,624**	74,385	70,974	71,114	71,123	**70,964**
Capital and reserves	704,015	700,852	672,562	578,496	**598,268**	102,384	104,487	104,225	94,233	**92,773**
Gearing ratio Net debt / (Capital and reserves + Net debt	42%	40%	41%	43%	**43%**	42%	40%	41%	43%	**43%**

Income statement and statement of other comprehensive income

INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR PERIOD FROM JANUARY 1st to MARCH 31st, 2021 Unaudited	HRK 000				USD 000			
	Q4 2019	Q1 2020	Q4 2020	Q1 2021	Q4 2019	Q1 2020	Q4 2020	Q1 2021
Vessel revenues	66,789	69,260	51,244	50,020	9,955	10,171	8,050	8,018
Other revenues	2	-	1	171	-	-	-	28
Sales revenues	**66,791**	**69,260**	**51,245**	**50,191**	**9,955**	**10,171**	**8,050**	**8,046**
Commission and voyage related costs	(8,671)	(7,837)	(12,752)	(16,227)	(1,291)	(1,143)	(2,025)	(2,565)
Vessel operating expenses	(26,061)	(23,049)	(25,868)	(23,485)	(3,884)	(3,420)	(4,038)	(3,762)
General and administrative	(1,387)	(1,699)	(1,248)	(1,884)	(206)	(251)	(196)	(302)
Other expenses	(24)	(94)	(165)	(430)	(3)	(14)	(25)	(69)
Total operating expenses	**(36,143)**	**(32,679)**	**(40,033)**	(42,026)	**(5,384)**	**(4,828)**	**(6,284)**	**(6,698)**
EBITDA	**30,648**	**36,581**	**11,212**	**8,165**	**4,571**	**5,343**	**1,766**	**1,348**
Depreciation and amortization	(13,260)	(13,387)	(13,284)	(12,765)	(1,979)	(1,970)	(2,102)	(2,022)
Impairment	(4,688)	-	(55,676)	-	(705)	-	(9,069)	-
Operating profit (EBIT)	**12,700**	**23,194**	**(57,748)**	**(4,600)**	**1,887**	**3,373**	**(9,405)**	**(674)**
Net interest expenses	(6,819)	(6,261)	(3,849)	(4,961)	(1,021)	(932)	(601)	(786)
Net foreign exchange gains (losses)	(103)	(68)	(912)	98	37	(12)	(161)	14
Net income	**5,778**	**16,865**	**(62,509)**	**(9,463)**	**903**	**2,429**	**(10,167)**	**(1,446)**
Other comprehensive income	(11,942)	22,471	(31,531)	29,267	14	-	(10)	(9)
Total comprehensive income	**(6,164)**	**39,336**	**(94,040)**	**19,804**	**917**	**2,429**	**(10,177)**	**(1,455)**
Weighted average number of shares outstanding, basic & diluted (thou,)	8,720	8,717	8,707	8,706	8,720	8,717	8,707	8,706
Net income (loss) per share, basic & diluted	0.66	1.93	(7.18)	(1.09)	0.10	0.28	(1.17)	(0.17)

Balance sheet

BALANCE SHEET AT THE DATE OF MARCH 31st, 2021 unaudited	HRK 000				USD 000			
	31 Dec 2019	31 Mar 2020	31 Dec 2020	31 Mar 2021	31 Dec 2019	31 Mar 2020	31 Dec 2020	31 Mar 2021
Non-current Assets	**1,165,009**	**1,197,570**	**1,002,442**	**1,047,893**	**175,192**	**174,160**	**163,290**	**162,496**
Vessels	1,162,125	1,188,132	992,995	1,042,210	174,758	172,788	161,751	161,615
Tangible assets in preparation	117	9,319	8,951	5,209	18	1,355	1,458	808
Other Non-current Assets	2,767	119	496	474	416	17	81	73
Current Assets	**92,377**	**102,217**	**81,888**	**81,118**	**13,891**	**14,866**	**13,339**	**12,579**
Inventory	5,360	5,173	9,022	12,692	806	752	1,470	1,969
Accounts receivable	15,977	24,189	33,838	14,609	2,403	3,518	5,512	2,265
Cash and cash equivalents	67,712	51,179	34,804	47,900	10,182	7,443	5,669	7,428
Other current assets	3,328	21,676	4,224	5,917	500	3,153	688	917
Total Assets	**1,257,386**	**1,299,787**	**1,084,330**	**1,129,011**	**189,083**	**189,026**	**176,629**	**175,075**
Shareholders Equity	**665,234**	**704,015**	**578,496**	**598,268**	**100,037**	**102,384**	**94,233**	**92,773**
Share capital	436,667	436,667	436,667	436,667	67,500	67,500	67,500	67,500
Reserves	138,370	160,841	85,065	114,330	18,657	18,658	19,024	19,015
Retained earnings	90,197	106,507	56,764	47,271	13,880	16,226	7,709	6,258
Non-Current Liabilities	**497,362**	**514,289**	**395,803**	**459,392**	**74,792**	**74,792**	**64,473**	**71,238**
Bank debt	497,362	514,289	395,803	459,392	74,792	74,792	64,473	71,238
Current Liabilities	**94,790**	**81,483**	**110,031**	**71,351**	**14,254**	**11,850**	**17,923**	**11,064**
Bank debt	62,387	48,383	75,628	46,132	9,382	7,036	12,319	7,154
Accounts payable	5,128	3,855	18,688	10,616	770	561	3,044	1,646
Other current liabilities	27,275	29,245	15,715	14,603	4,102	4,253	2,560	2,264
Total liabilities and shareholders equity	**1,257,386**	**1,299,787**	**1,084,330**	**1,129,011**	**189,083**	**189,026**	**176,629**	**175,075**

Cash flow statement

CASH FLOW STATEMENT FOR Q1 2021 unaudited	HRK 000				USD 000			
	H1 2020	Q1-Q3 2020	FY 2020	Q1 2021	H1 2020	Q1-Q3 2020	FY 2020	Q1 2021
Profit before tax	32,454	30,825	(31,684)	(9,463)	4,529	4,260	(5,907)	(1,446)
Amortisation	26,832	39,508	52,792	12,765	3,939	5,925	8,027	2,022
Changes in working capital	(24,902)	(23,254)	(20,075)	5,016	(3,718)	(3,601)	(3,220)	897
Other	(1,915)	(5,271)	50,043	3,252	(117)	(186)	9,146	32
Cash flow from operating activities	**32,469**	**41,808**	**51,076**	**11,570**	**4,633**	**6,398**	**8,046**	**1,505**
Cash inflows from investing activities	-	-	-		-	-	-	-
Cash outflows from investing activities	(10,304)	(22,555)	(33,115)	(8,386)	(1,533)	(3,439)	(5,092)	(1,341)
Cash flow from investing activities	**(10,304)**	**(22,555)**	**(33,115)**	**(8,386)**	**(1,533)**	**(3,439)**	**(5,092)**	**(1,341)**
Cash inflows from financing activities	-	-	12,319	493,659	-	-	2,000	78,392
Cash outflows from financing activities	(32,804)	(48,097)	(63,189)	(483,747)	(4,773)	(7,118)	(9,468)	(76,797)
Cash flow from financing activities	**(32,804)**	**(48,097)**	**(50,870)**	**9,912**	**(4,773)**	**(7,118)**	**(7,468)**	**1,595**
Net changes in cash	(10,639)	(28,844)	(32,908)	13,096	(1,673)	(4,159)	(4,513)	1,759
Cash and cash equivalents (beg, of period)	67,712	67,712	67,712	34,804	10,182	10,182	10,182	5,669
Cash and cash equivalents (end of period)	**57,073**	**38,868**	**34,804**	**47,900**	**8,509**	**6,023**	**5,669**	**7,428**

Statement of changes in equity

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 2020	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*
Balance at 1 April 2020	**436,667**	**106,507**	**127,377**	**33,464**	**704,015**
Net profit for the period	-	15,589	-	-	15,589
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	(18,752)	(18,752)
Balance at 30 June 2020	**436,667**	**122,096**	**127,377**	**14,712**	**700,852**
For the period from 1 Jul to 30 Sep 2020	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*
Balance at 1 July 2020	**436,667**	**122,096**	**127,377**	**14,712**	**700,852**
Net profit for the period	-	(1,629)	-	-	(1,629)
Change in capital	-	-	-	-	-
Change in other reserves	-	(1,167)	1,167	-	-
Changes in other comprehensive income	-	-	-	(26,661)	(26,661)
Balance at 30 September 2020	**436,667**	**119,300**	**128,554**	**(11,949)**	**672,562**
For the period from 1 Oct to 31 Dec 2020	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*
Balance at 1 October 2020	**436,667**	**119,300**	**128,554**	**(11,949)**	**672,562**
Net profit for the period	-	(62,509)	-	-	(62,509)
Change in capital	-	-	-	-	-
Change in other reserves	-	(27)	-	-	(27)
Changes in other comprehensive income	-	-	-	(31,531)	(31,531)
Balance at 31 December 2020	**436,667**	**56,764**	**128,544**	**(43,479)**	**578,496**
For the period from 1 Jan to 31 Mar 2021	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*	*HRK 000*
Balance at 1 Jan 2021	**436,667**	**56,764**	**128,544**	**(43,479)**	**578,496**
Net profit for the period	-	(9,463)	-	-	(9,463)
Change in capital	-	-	-	-	-
Change in other reserves	-	(32)	-	-	(32)
Changes in other comprehensive income	-	-	-	29,627	29,627
Balance at 31 March 2021	**436,667**	**56,764**	**128,544**	**(14,212)**	**598,268**

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 2020	*USD 000*	*USD 000*	*USD 000*	*USD 000*	*USD 000*
Balance at 1 April 2020	**67,500**	**16,227**	**19,689**	**(1,032)**	**102,384**
Net profit for the period	-	2,100	-	-	2,100
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	-	-	3	3
Balance at 30 June 2020	**67,500**	**18,327**	**19,689**	**(1,029)**	**104,487**
For the period from 1 Jul to 30 Sep 2020	*USD 000*	*USD 000*	*USD 000*	*USD 000*	*USD 000*
Balance at 1 July 2020	**67,500**	**18,327**	**19,689**	**(1,029)**	**104,487**
Net profit for the period	-	(269)	-	-	(269)
Change in capital	-	-	-	-	-
Change in other reserves	-	(178)	178	-	-
Changes in other comprehensive income	-	-	-	7	7
Balance at 30 September 2020	**67,500**	**17,880**	**19,867**	**(1,022)**	**104,225**
For the period from 1 Oct to 31 Dec 2020	*USD 000*	*USD 000*	*USD 000*	*USD 000*	*USD 000*
Balance at 1 October 2020	**67,500**	**17,880**	**19,867**	**(1,022)**	**104,225**
Net profit for the period	-	(10,167)	-	-	(10,167)
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	(4)	-	179	175
Balance at 31 December 2020	**67,500**	**7,709**	**19,867**	**(843)**	**94,233**
For the period from 1 Jan to 31 Mar 2021	*USD 000*	*USD 000*	*USD 000*	*USD 000*	*USD 000*
Balance at 1 Jan 2021	**67,500**	**7,709**	**19,867**	**(843)**	**94,233**
Net profit for the period	-	(1,446)	-	-	(1,446)
Change in capital	-	-	-	-	-
Change in other reserves	-	(5)	-	-	(5)
Changes in other comprehensive income	-	-	-	(9)	(9)
Balance at 31 March 2021	**67,500**	**6,258**	**19,867**	**(852)**	**92,773**

NET ASSET VALUE CALCULATION

NET ASSET VALUE CALCULATION ESTIMATE	At the date 31 Mar 2020 (000 USD)	At the date 30 Jun 2020 (000 USD)	At the date 30 Sep 2020 (000 USD)	At the date 31 Dec 2020 (000 USD)	At the date 31 Mar 2021 (000 USD)
Total fleet value	**163,630**	**147,420**	**147,650**	**146,800**	**139,350**
Investments	-	-	-	-	
Current assets	7,423	6,772	7,287	7,670	5,151
Other non-current assets	17	19	39	81	73
Total value of other assets	**7,440**	**6,791**	**7,326**	**7,751**	**5,224**
Cash and cash equivalents	7,443	8,509	6,023	5,669	7,428
Bank debt	(81,828)	(79,483)	(77,137)	(76,792)	(78,392)
Net debt	**(74,385)**	**(70,974)**	**(71,114)**	**(71,123)**	**(70,964)**
Other non-current liabilities	-	-	-	-	
Current liabilities	(4,814)	(4,131)	(5,523)	(5,604)	(3,910)
Total value of other liabilities	**(4,814)**	**(4,131)**	**(5,523)**	**(5,604)**	**(3,910)**
NET ASSET VALUE	**91,871**	**79,106**	**78,339**	**77,824**	**69,700**
Weighted average number of shares outstanding, basic & diluted	8,716,890	8,711,956	8,710,299	8,709,407	8,706,421
Net asset value per share (USD)	10.54	9.09	8.99	8.94	8.01

KEY COMMENTS:

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

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

The revenue potential of TNG has usually been backed by secured contracts, which significantly alleviated the usual volatility of hire rates which were seen during previous years, and especially in 2020.

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 sale and purchase value of vessels. Value of the fleet at March 31st, 2021 is estimated to USD 139.35m, which with all other unchanged parameters gives a NAV per share of USD 8.01.

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

ANNOUNCEMENTS IN Q1 2021

19 Feb 2021 Announcement of the Management and the Supervisory Board session
25 Feb 2021 Management and Supervisory Board meeting held
15 Mar 2021 Secured long-term loan facility agreement in the amount of USD 35.3 million
31 Mar 2021 Share acquisition notice

SHAREHOLDER STRUCTURE

Shareholder on 31 March 2021	No. of shares	Share (%)
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%**

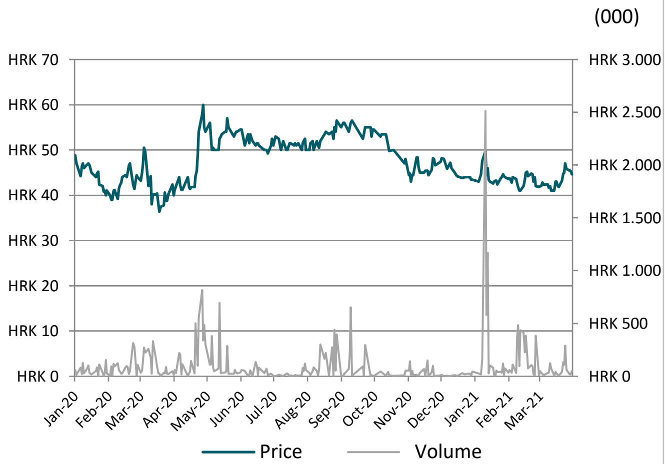
MANAGEMENT AND SUPERVISORY BOARD

On March 31st, 2021, the sole member of the Management Board is Mr. John Karavanić. In 2021 there were no changes in Supervisory Board. The Supervisory Board consists of Mr. Ivica Pijaca, president, Mr. Mario Pavić, deputy president, and members Mr. Joško Miliša, Mr. Nikola Koščica and Mr. Dalibor Fell.

TPNG-R-A STOCK

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

The Company shares with the ticker TPNG-R-A are listed on the Zagreb Stock Exchange. In October 2020, the Management Board adopted a decision to launch a new Treasury Share Buy-Back Programme (hereinafter: the New Programme) in accordance with the resolution adopted by the General Assembly from August 2nd, 2020. The Programme commenced on November 2nd, 2020 and will last until November 2nd, 2021. The maximum number of shares intended to be acquired during the New Programme is 110,000, and the largest amount of money allocated to the Program is HRK 5,000,000.00.

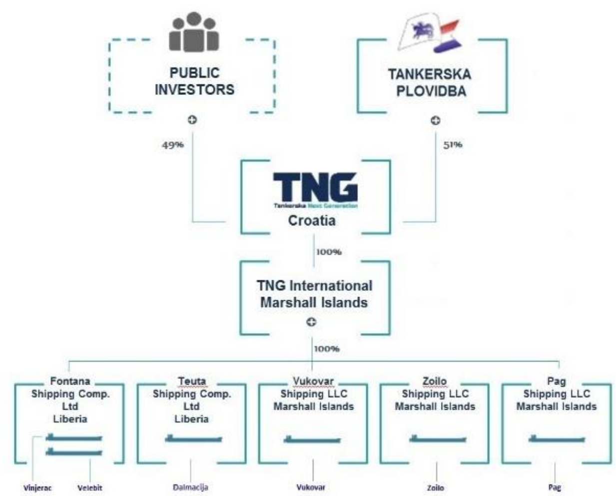


Since the beginning of the year until March 31st, the Company had repurchased a total of 700 treasury shares on the Zagreb Stock Exchange, representing 0.008 % of the Company's share capital. The Company paid the equivalent of HRK 31,859.46 for the acquisition of abovementioned treasury shares.

As of March 31st, 2021, the Company had 27,620 treasury shares representing 0.3163% of the Company's share capital.

Despite the unusual circumstances, due to the COVID-19 pandemic, which had a negative impact on the domestic capital market, we would like to point out the fact that the Company met the set short-term goals which included increasing demand and liquidity of the Company's shares and creating added value for its shareholders.

OVERVIEW OF RELATED PARTY TRANSACTIONS:



Share Buy-Back programme

SBB achievements

24 February 2020 – 31 March 2021

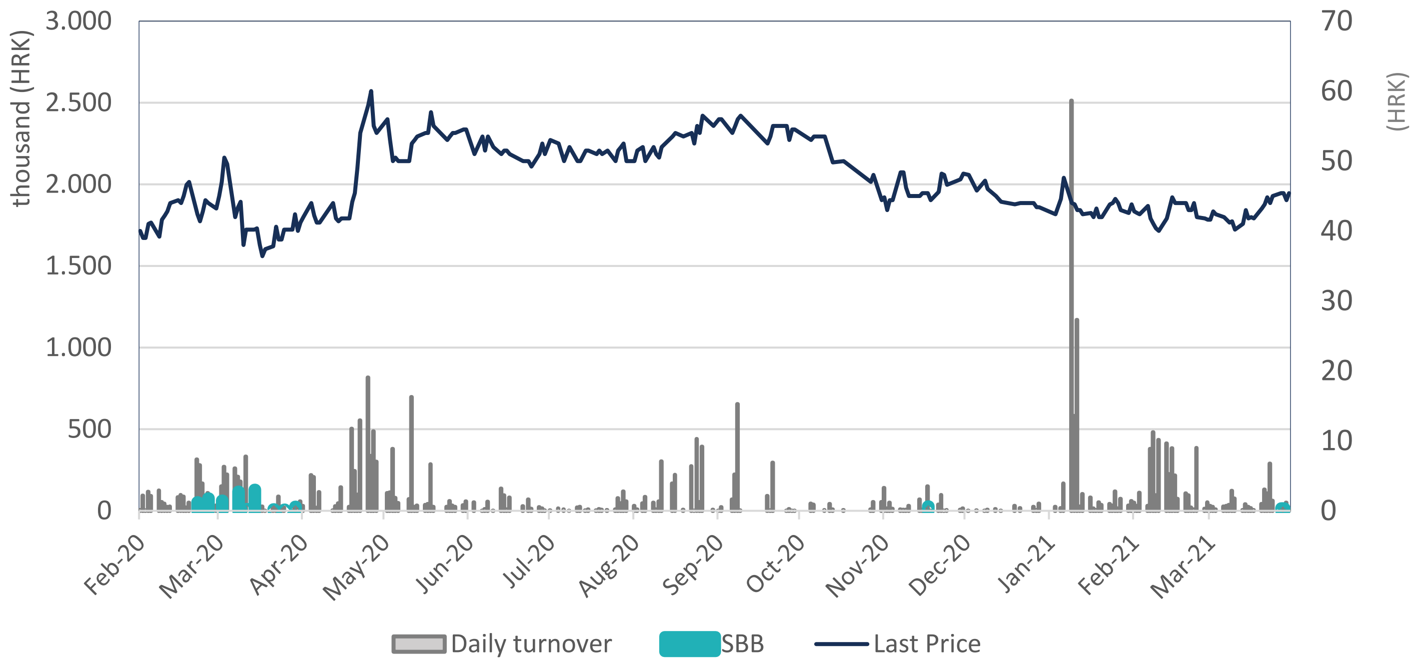
Number of repurchased shares
14,420 (0.165% capital)

Repurchased amount
613.3k HRK

Achieved turnover TPNG at ZSE in the period
25.135m HRK

Percentage of repurchased treasury shares in total turnover
2.4 %

Market capitalization
31 March 2021
386.5m HRK



TPNG at ZSE	HRK					
	2016	2017	2018	2019	2020	Q1 2021
Volume (million)	14.7	4.1	1.5	5.9	17.17	**9.94**
Last price	75.00	54.00	38.80	47.20	43.00	**44.40**
Highest price	79.99	84.89	57.00	49.60	60.00	**49.80**
Lowest price	66.00	54.00	33.40	28.80	36.00	**39.20**
Average price	72.78	70.88	43.61	39.98	48.59	**42.94**

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, 2021

(UNAUDITED)

I. Report of the Management Board on the Company's operations for the period from 1st January until 31st March, 2021

II. Unaudited condensed quarterly financial statements:

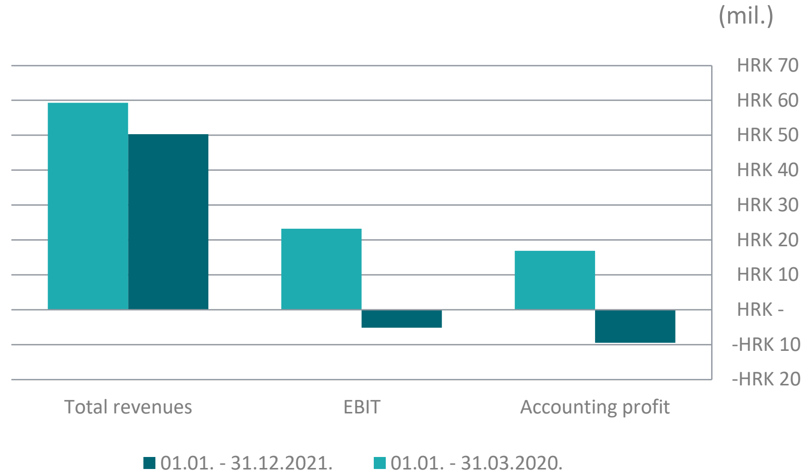
- Balance Sheet per as at 31st March, 2021
- Profit and Loss Account for the period from 1st January until 31st March, 2021
- Cash Flow Statement for the period from 1st January until 31st March, 2021
- Statement of Changes in Equity for the period from 1st January until 31st March, 2021
- Notes to the Financial Statements

III. Statement of Responsibility for the Financial Statements

Tankerska Next Generation

for the period from 1st January until 31st March, 2021

DESCRIPTION	Period 1st Jan – 31st Mar 2020	Period 1st Jan – 31st Mar 2021
Total revenues	HRK 69,281,336	HRK 50,306,610
Operating revenues / Total revenues	100%	99%
Other revenues / Total revenues	0%	1%
International market / Total revenues	100%	100%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	36%	45%
Employee costs / Operating expenses	27%	22%
Financial expenses / Total Expenses	12%	7%
Net margin	24,35%	-18,85%
Accounting profit	HRK 16,865,197	-HRK 9,463,358
Operating profit (EBIT)	HRK 23,182,336	-HRK 5,165,410



During the reporting period the Company reported HRK 50.2 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 55.4 million of operating costs. The majority of operating expenses are the material costs HRK 24.7 million, followed by depreciation in the amount of HRK 12.8 million (including HRK 1.3 million of dry dock expenses depreciation), employee costs in the amount HRK 11.9 million and other expenses in the amount of HRK 6.0 million.

In the period ended 31st March 2021, financial income amounted to HRK 100 thousand while financial expenses amounted to HRK 4,4 million.

In the reporting period, the Company achieved cumulative loss in the amount of HRK 9,5 million.

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 the reporting period the Company acquired 700 treasury shares following the Share Buy-Back programme.

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, 2021, the Company held 27,620 treasury shares, representing 0.3163% of the total number of shares. Reserves for treasury shares are formed from retained Company's earnings.

On March 31, 2021, the Company has the following companies abroad:

1. Tankerska 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:	**01.01.2021**	to	**31.03.2021**
Year:	**2021**		
Quarter:	**1.**		

Quarterly financial statements

gistration number (MB):	**04266838**	Issuer's home Member State code:	**HR**
Entity's registration number (MBS):	**110046753**		
Personal identification number (OIB):	**30312968003**	LEI:	**74780000Y04HB9CIA883**
Institution code:	**30559**		
Name of the issuer:	**Tankerska Next Generation d.d.**		
Postcode and town:	**23000**		**Zadar**
eet and house number:	**Božidara Petranovića 4**		
E-mail address:	tng@tng.hr		
Web address:	www.tng.hr		
Number of employees (end of the reporting	**134**		
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:	**KARAVANIĆ JOHN** (only name and surname of the contact person)		
Telephone:	**023/202-132**		
E-mail address:	tng@tng.hr		
Audit firm:	(name of the audit firm)		
Certified auditor:	(name and surname)		

BALANCE SHEET

balance as at 31.03.2021

in HRK

Submitter: Tankerska Next Generation d.d.

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	1,002,441,257	1,047,892,451
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	1,002,441,257	1,047,892,451
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	993,490,420	1,042,683,921
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	3,135,487	3,616,740
7 Tangible assets in preparation	017	5,815,350	1,591,790
8 Other tangible assets	018	0	0
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	0	0
1 Investments in holdings (shares) of undertakings within the	021	0	0
2 Investments in other securities of undertakings within the	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	0	0
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	78,023,252	75,259,249
I INVENTORIES (ADP 039 to 045)	038	9,022,302	12,693,269
1 Raw materials and consumables	039	9,022,302	12,693,269
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	34,197,016	14,666,478
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	33,838,253	14,609,139
4 Receivables from employees and members of the undertaking	050	26,792	6,369
5 Receivables from government and other institutions	051	67,116	32,560
6 Other receivables	052	264,855	18,410
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	6,139,039	5,371,785
1 Investments in holdings (shares) of undertakings within the	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	6,139,039	5,371,785
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	28,664,895	42,527,717
D) PREPAID EXPENSES AND ACCRUED INCOME	064	3,865,421	5,859,239
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1,084,329,930	1,129,010,939
OFF-BALANCE SHEET ITEMS	066	0	0

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	**067**	578,497,199	598,267,534
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**	60,118,250	60,118,250
1 Legal reserves	**071**	5,118,250	5,118,250
2 Reserves for treasury shares	**072**	1,578,097	1,609,956
3 Treasury shares and holdings (deductible item)	**073**	-1,578,097	-1,609,956
4 Statutory reserves	**074**	0	0
5 Other reserves	**075**	55,000,000	55,000,000
IV REVALUATION RESERVES	**076**	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	**077**	-43,479,713	-14,214,161
1 Financial assets at fair value through other comprehensive income (i.e. 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	**080**	0	0
4 Other fair value reserves	**081**	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	**082**	-43,479,713	-14,214,161
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	**083**	88,448,279	56,733,577
1 Retained profit	**084**	88,448,279	56,733,577
2 Loss brought forward	**085**	0	0
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	**086**	-31,682,843	-9,463,358
1 Profit for the business year	**087**	0	0
2 Loss for the business year	**088**	31,682,843	9,463,358
VIII MINORITY (NON-CONTROLLING) INTEREST	**089**	0	0
B) PROVISIONS (ADP 091 to 096)	**090**	0	0
1 Provisions for pensions, termination benefits and similar obligations	**091**	0	0
2 Provisions for tax liabilities	**092**	0	0
3 Provisions for ongoing legal cases	**093**	0	0
4 Provisions for renewal of natural resources	**094**	0	0
5 Provisions for warranty obligations	**095**	0	0
6 Other provisions	**096**	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	**097**	395,803,103	459,392,429
1 Liabilities to undertakings within the group	**098**	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	**099**	0	0
3 Liabilities to companies linked by virtue of participating	**100**	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	**101**	0	0
5 Liabilities for loans, deposits etc.	**102**	0	0
6 Liabilities to banks and other financial institutions	**103**	395,803,103	459,392,429
7 Liabilities for advance payments	**104**	0	0
8 Liabilities to suppliers	**105**	0	0
9 Liabilities for securities	**106**	0	0
10 Other long-term liabilities	**107**	0	0
11 Deferred tax liability	**108**	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	**109**	98,824,403	63,370,564
1 Liabilities to undertakings within the group	**110**	11,224,896	1,467,237
2 Liabilities for loans, deposits, etc. of undertakings within the group	**111**	0	0
3 Liabilities to companies linked by virtue of participating	**112**	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	**113**	0	0
5 Liabilities for loans, deposits etc.	**114**	0	0
6 Liabilities to banks and other financial institutions	**115**	75,627,733	46,132,483
7 Liabilities for advance payments	**116**	0	0
8 Liabilities to suppliers	**117**	7,459,721	9,167,883
9 Liabilities for securities	**118**	0	0
10 Liabilities to employees	**119**	4,329,249	3,948,250
11 Taxes, contributions and similar liabilities	**120**	55,620	54,558
12 Liabilities arising from the share in the result	**121**	53,774	53,774
13 Liabilities arising from fixed assets held for sale	**122**	0	0
14 Other short-term liabilities	**123**	73,410	2,546,379
E) ACCRUALS AND DEFERRED INCOME	**124**	11,205,225	7,980,412
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	**125**	1,084,329,930	1,129,010,939
G) OFF-BALANCE SHEET ITEMS	**126**	0	0

STATEMENT OF PROFIT OR LOSS

for the period 01.01.2021 to 31.03.2021

in HRK

Submitter: Tankerska Next Generation d.d.

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 002 to 006)	001	69,263,016	69,263,016	50,206,851	50,206,851
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	69,259,846	69,259,846	50,020,132	50,020,132
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	3,170	3,170	186,719	186,719
II OPERATING EXPENSES (ADP 08+009+013+017+018+019+022+029)	007	46,080,680	46,080,680	55,372,260	55,372,260
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	16,371,059	16,371,059	24,714,713	24,714,713
a) Costs of raw materials and consumables	010	8,256,755	8,256,755	12,180,926	12,180,926
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	8,114,304	8,114,304	12,533,787	12,533,787
3 Staff costs (ADP 014 to 016)	013	12,621,569	12,621,569	11,925,337	11,925,337
a) Net salaries and wages	014	12,480,697	12,480,697	11,772,942	11,772,942
b) Tax and contributions from salary costs	015	99,211	99,211	104,265	104,265
c) Contributions on salaries	016	41,661	41,661	48,130	48,130
4 Depreciation	017	13,388,117	13,388,117	12,790,323	12,790,323
5 Other costs	018	3,576,024	3,576,024	5,510,611	5,510,611
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	123,911	123,911	431,276	431,276
III FINANCIAL INCOME (ADP 031 to 040)	030	18,320	18,320	99,760	99,760
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	18,320	18,320	1,490	1,490
8 Exchange rate differences and other financial income	038	0	0	98,270	98,270
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	6,335,459	6,335,459	4,397,709	4,397,709
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	0	0
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	6,267,025	6,267,025	4,397,709	4,397,709
4 Exchange rate differences and other expenses	045	68,434	68,434	0	0
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VRITUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	69,281,336	69,281,336	50,306,611	50,306,611
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	52,416,139	52,416,139	59,769,969	59,769,969
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	16,865,197	16,865,197	-9,463,358	-9,463,358
1 Pre-tax profit (ADP 053-054)	056	16,865,197	16,865,197	0	0
2 Pre-tax loss (ADP 054-053)	057	0	0	-9,463,358	-9,463,358
XII INCOME TAX	058	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	16,865,197	16,865,197	-9,463,358	-9,463,358
1 Profit for the period (ADP 055-059)	060	16,865,197	16,865,197	0	0
2 Loss for the period (ADP 059-055)	061	0	0	-9,463,358	-9,463,358

Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
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 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055-+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
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 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076	0	0	0	0
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPRHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	16,865,197	16,865,197	-9,463,358	-9,463,358
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	22,470,711	22,470,711	29,265,552	29,265,552
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	22,470,711	22,470,711	29,265,552	29,265,552
1 Exchange rate differences from translation of foreign operations	088	22,470,711	22,470,711	29,265,552	29,265,552
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	22,470,711	22,470,711	29,265,552	29,265,552
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	39,335,908	39,335,908	19,802,194	19,802,194
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 100+101)	099	0	0	0	0
1 Attributable to owners of the parent	100	0	0	0	0
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method

for the period 01.01.2021. to 31.03.2021.

in HRK

Submitter: Tankerska Next Generation d.d.

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	16,865,197	-9,463,358
2 Adjustments (ADP 003 to 010):	002	19,696,889	17,626,460
a) Depreciation	003	13,388,117	12,790,323
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	-18,320	-1,490
e) Interest expenses	007	6,267,025	4,397,709
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	60,067	439,918
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	36,562,086	8,163,102
3 Changes in the working capital (ADP 013 to 016)	012	-25,559,991	5,015,576
a) Increase or decrease in short-term liabilities	013	1,010,874	-7,697,221
b) Increase or decrease in short-term receivables	014	-26,758,307	16,383,764
c) Increase or decrease in inventories	015	187,442	-3,670,967
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	11,002,095	13,178,678
4 Interest paid	018	-6,560,563	-4,162,319
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	4,441,532	9,016,359
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	32,638	2,336
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	32,638	2,336
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-6,306,817	-8,385,837
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	-6,306,817	-8,385,837
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-6,274,179	-8,383,501
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	493,658,743
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	493,658,743
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-15,806,705	-483,715,252
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	-554,668	-31,859
5 Other cash payments from financing activities	044	0	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-16,361,373	-483,747,111
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-16,361,373	9,911,632
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	1,661,680	2,551,078
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-16,532,340	13,095,568
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	67,711,609	34,803,934
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	51,179,269	47,899,502

Statement of changes in equity

TNG Tankerska Next Generation

STATEMENT OF CHANGES IN EQUITY

for the period from 01/01/2021 to 31/03/2021

in HRK

Item	ADP code	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 through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	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
		Attributable to owners of the parent																	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)
Previous period																			
1 Balance on the first day of the previous business year	01	436,667,250	68,425,976	3,951,238	996,600	996,600	0	55,000,000	0	0	0	0	0	10,992,817	90,196,788	0	665,234,069	0	665,234,069
2 Changes in accounting policies	02	0	0	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	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	3,951,238	996,600	996,600	0	55,000,000	0	0	0	0	0	10,992,817	90,196,788	0	665,234,069	0	665,234,069
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	16,865,197	16,865,197	0	16,865,197
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	22,470,711	0	0	22,470,711	0	22,470,711
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	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	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	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	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	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	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	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	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	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	554,668	554,668	0	0	0	0	0	0	0	0	-554,668	0	-554,668	0	-554,668
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	436,667,250	68,425,976	3,951,238	1,551,268	1,551,268	0	55,000,000	0	0	0	0	0	33,463,528	89,642,120	16,865,197	704,015,309	0	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 OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	0	0	0	0	0	0	22,470,711	0	0	22,470,711	0	22,470,711
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	22,470,711	0	16,865,197	39,335,908	0	39,335,908
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	554,668	554,668	0	0	0	0	0	0	0	0	-554,668	0	-554,668	0	-554,668

Statement of changes in equity

		Attributable to owners of the parent																	
Item	ADP code	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)		
Current period																			
1 Balance on the first day of the current business year	28	436,667,250	68,425,976	5,118,250	1,578,097	1,578,097	0	55,000,000	0	0	0	0	0	-43,479,713	56,765,436	0	578,497,199	0	578,497,199
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (AOP 28 to 30)	31	436,667,250	68,425,976	5,118,250	1,578,097	1,578,097	0	55,000,000	0	0	0	0	0	-43,479,713	56,765,436	0	578,497,199	0	578,497,199
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-9,463,358	-9,463,358	0	-9,463,358
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	0	29,265,552	0	0	29,265,552	0	29,265,552
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	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	36	0	0	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	37	0	0	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	38	0	0	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	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0					0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease 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	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	31,859	31,859	0	0	0	0	0	0	0	0	-31,859		-31,859	0	-31,859
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Carryforward per annual plane	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	436,667,250	68,425,976	5,118,250	1,609,956	1,609,956	0	55,000,000	0	0	0	0	0	-14,214,161	56,733,577	-9,463,358	598,267,534	0	598,267,534
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 33 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	0	29,265,552	0	0	29,265,552	0	29,265,552
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	0	0	0	0	0	0	29,265,552	0	-9,463,358	19,802,194	0	19,802,194
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	31,859	31,859	0	0	0	0	0	0	0	0	-31,859	0	-31,859	0	-31,859

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

Management Board:

- John Karavanić, the sole member of the Board

Supervisory board members from January 1st, 2021 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, 2021 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, 2021 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, 2021 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, 2020.

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 2020.

3. Vessels and equipment

During the observed period, the Company invested HRK 3.2m in the procurement of ballast water treatment systems.

4. Equity and reserves

In the treasury share repurchase program, in the first quarter of 2021, the Company repurchased 700 treasury shares for a total value of HRK 32 thousand. Reserves for treasury shares are formed from the Company's retained earnings.

As of 31 March 2021, the Company holds a total of 27,620 treasury shares, representing 0.3163% of the Company's share capital (31 March 2020: 26,323 treasury shares, representing 0.3014% of share capital).

5. Interest bearing liabilities

In February 2021, Tankerska Next Generation d.d. following a previously concluded long-term loan agreement with Crédit Agricole Corporate and Investment Bank and Hamburg Commercial Bank withdrew in full the loan funds for refinancing existing loans for the vessels "Vukovar", "Zoilo" and "Dalmacija" amounting to $ 14.4 million per vessel.

In March 2021, Fontana Shipping Company Limited and Pag Shipping LLC entered into a new long-term loan agreement with ABN AMRO Bank N.V. in the total amount of 35.3 mil. USD, at a variable interest rate of 3M LIBOR + interest margin, payable in 20 quarterly installments, for refinancing of existing loans for ships "Velebit", "Vinjerac" and "Pag" with the same lender. The loan funds have been withdrawn in full.

6. Earnings per Share

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

EARNINGS PER SHARE	Period 1st Jan – 31st Mar 2020	Period 1st Jan – 31st Mar 2021
Net (loss) / profit to shareholders	HRK 16,865,197	**(HRK 9,463,358)**
Weighted average number of shares	8,716,890	**8,706,421**
Basic (loss) / earnings per share	HRK 1.93	**(HRK 1.09)**

6. Transactions with the Related Parties

RELATED PARTY TRANSACTIONS	Period 1st Jan – 31st Mar 2020	Period 1st Jan – 31st Mar 2021
Sales to related parties	HRK 0	**HRK 0**
Purchase from related parties	HRK 4,128,684	**HRK 4,042,971**
Receivables from related parties	HRK 0	**HRK 0**
Liabilities towards related parties	HRK 3,669,200	**HRK 1,467,237**
Given loans to related parties	HRK 0	**HRK 0**
Received loans from related parties	HRK 0	**HRK 0**

7. Subsequent events after Balance Sheet date

Impact of COVID-19 on the Company's operations

The consequences of COVID-19 continue to affect the Company's operations and, more importantly, the demand for petroleum products. Although vaccination programs against COVID-19 have boosted hopes of improving oil demand levels later in 2021, there is still great uncertainty in the outlook, with concerns about new variants of COVID-19 and the continuing high number of cases in some regions.

Apart from the above, there were no other events after the balance sheet date that would significantly affect the Company's financial statements as at March 31st, 2021.

Statement of responsibility for the financial statements

The financial statements for the period starting January 1st, 2021 and ending March 31st, 2021¸ 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, 2021, and ending on March 31st, 2021, 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 28th, 2021

John Karavanić, CEO

Important industry terms and concepts

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.

Important industry terms and concepts

(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.

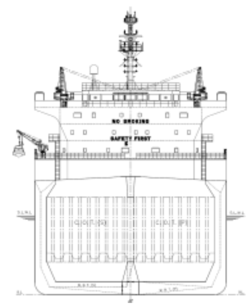
Gross Time Charter rates (GTC rates). The Group defines gross time charter rates, or GTC rates, as vessel revenues during a period divided by the number of Revenue Days during that period. GTC rates should reflect the average daily charter rate of a vessel or a fleet and is expressed in US dollars per 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.



Important chartering contracts

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).

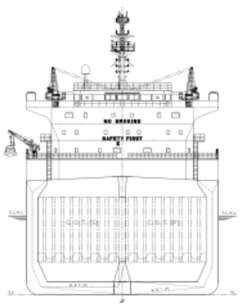
Time charter rates are usually fixed during the term of the charter. Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating under voyage charters in the spot market during 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 deprecation 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.

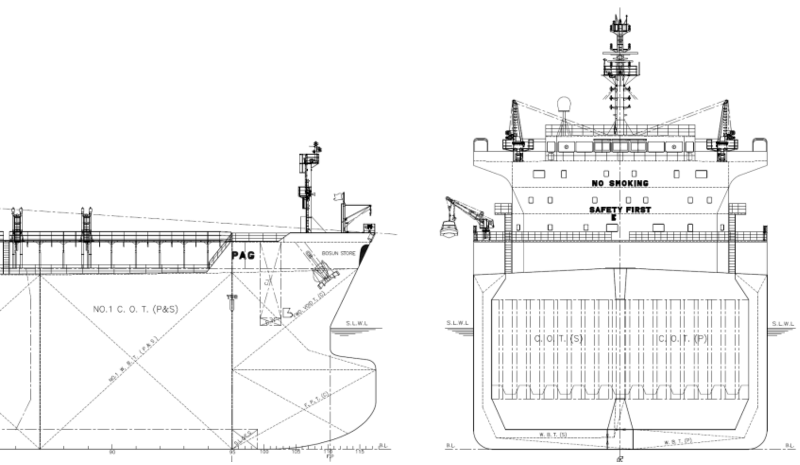
Interest expense and finance costs. Interest expense and finance costs comprise of interest payable on borrowings and loans and foreign exchange gains and losses.

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



EXPENSE TYPE	MAIN COMPONENTS
Capital	Capital Principal Repayment Interest
Operating	Crewing Repairs and Maintenance Lubricants Insurance Spares and stores Registration, communication and sundries *Management fee** - *technical management* - *crew management* - *insurance arrangements* - *accounting services*
Commisions	Address Brokerage
Commercial fee*	*Chartering and commerical management services*
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

TIME CHARTER: Capital through Voyage (minor) – Ship-owner payments; Voyage (major) – Charterer payments.
VOYAGE CHARTER: all expense types – Ship-owner payments.

Ship-owner payments (white box) Charterer payments (grey box) * fees paid to the Fleet Manager, under the Management Agreements

Cautionary note regarding forward-looking statements

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.

Contact

TANKERSKA NEXT GENERATION d.d.

Božidara Petranovića 4

23 000 Zadar

Croatia

Tel: +385 23 202 135

e-mail: tng@tng.hr

www.tng.hr

LinkedIn