Team Tankers Management A/S

Strandvejen 58
DK-2900 Hellerup

CVR no. 29 68 75 95

Annual report 2019

Approved at the Company's annual general meeting on 17 April 2020

Chairman:

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Hans P. Feringa

Contents

Management's review

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Team Tankers Management A/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2019 and of the results of its operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters and the results of its operations and financial position.

We recommend that the annual report be approved at the annual general meeting.

17 April 2020

Executive Board:

Malene Hald Pedersen

Board of Directors:

Hans P. Feringa
Chairman

Morten Arntzen

Michael Vilson

Independent auditor's report

To the shareholders of Team Tankers Management A/S

Opinion

We have audited the financial statements of Team Tankers Management A/S for the financial year 1 January – 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 17 April 2020
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Andersen
State Authorised
Public Accountant
MNE no.: mne34313

Management's review

Financial highlights

($ '000)	2019	2018	2017	2016	2015
Key figures					
Revenue	10,099	9,201	6,914	12,081	15,867
Ordinary operating profit	7,366	5,779	4,285	4,292	7,010
Profit/(loss) from financial income and expenses	631	-265	-651	-1,577	-1,172
Profit/(loss) for the year	646	-303	-480	-1,742	27,308
Non-current assets	1,442	449	596	1,663	1,003
Current assets	11,437	9,114	5,844	6,675	7,373
Total assets	12,879	9,563	6,440	8,338	8,376
Equity	3,707	3,031	3,364	3,844	5,586
Non-current liabilities	846	-	-	-	-
Current liabilities	8,326	6,532	3,076	4,495	2,751
Financial ratios					
Profit margin (%)	6	-3	-7	-14	172
Current ratio (%)	1	1	2	2	3
Equity ratio (%)	29	32	52	46	67
Return on equity (%)	17	-10	-13	-37	505
Average number of full-time employees	35	36	29	36	39

For terms and definitions of financial ratios, see Note 2 – *Accounting Policies* in the Notes to the Financial Statements.

Key figures for 2015-2018 are not comparable with 2019 due to implementation of IFRS 16 and IFRS 15.

Management's review

Management commentary

Business review
Team Tankers Management A/S (the "Company") is primarily a management company with no direct or indirect ownership of ships. The Company is a wholly owned subsidiary of Team Tankers Management Holding AS registered in Norway, which is a direct subsidiary of Team Tankers International Ltd. The Company's most important activity is to provide chemical tanker commercial management and technical management services to subsidiaries of the Team Tankers International Group (the "Group").

Financial review
There was no vessel activity or ship revenues in 2019 or 2018. In the prior years, the Company managed the bareboat agreement for the vessel Sichem Singapore. This agreement was terminated at the end of 2016. Commercial management and technical management services were performed by the Company and billed to the Group. Expenses of the Company include office salaries and benefits, general office expenses and travel, and depreciation. Net profit for 2019 was USD 0.6 million as compared to a net loss of USD 0.3 million in 2018.

In 2019, the Company implemented IFRS 16, *Leases* and adopted the modified retrospective method. and IFRS 15, *Revenue from contracts with Customers.* The implementation of IFRS 16 and IFRS 15 do not require restatement of prior year amounts and therefore 2018 may not be comparable. See accounting policies for further explanation.

Equity on the Balance Sheet at 31 December 2019 was USD 3.7 million as compared to USD 3.0 million in 2018.

Management expects, based on the financial position, budget and strategic plans, that the company's capital resources are appropriate for the continued operation of the company.

Special risks

Business risks
Market conditions for shipping activities and services are volatile and may vary considerably from year to year. The Company's earnings are dependent on developments in the general freight market.

Financial risks
Currency risks
The Company's earnings and balance sheet items are mainly in USD. Some of the earnings are in EUR and most of the company's administrative costs are in DKK. The Company's result is therefore dependent on the currency difference in price between EUR and USD, as well as between DKK and USD.

Knowledge resources
The company's business consists of providing management services for chemical tanker owners. In connection with the company's operation, the company places special demands on knowledge resources, including general knowledge of shipping, special conditions that characterize chemical tankers, including chartering, operations, technology, processes and legal.

Events after the balance sheet date
Events taking place after the balance sheet date are disclosed in Subsequent events, see Note 13.

Financial statements 1 January – 31 December

Income statement

($ '000)	Note	2019	2018
Revenue		10,099	9,201
Other expenses		(2,733)	(3,422)
Gross profit		**7,366**	**5,779**
Staff costs	3	(6,267)	(5,885)
Depreciation		(468)	(159)
Operating profit / (loss)		**631**	**(265)**
Financial income	4	193	36
Financial expenses	5	(178)	(74)
Profit / (loss) before tax		**646**	**(303)**
Tax for the year		-	-
Profit / (loss) for the year		**646**	**(303)**
Recommended appropriation of profit/loss			
Dividend proposed for the year		-	-
Transferred to reserves under equity		646	(303)
Appropriation of profit / (loss)		**646**	**(303)**

Financial statements 1 January – 31 December

Balance sheet

($ '000)	Note	2019 31 December	2018 31 December
ASSETS			
Non-current assets			
Intangible assets			
Development projects	7	276	418
		276	**418**
Property, plant and equipment			
Right-of-use-assets	6	1,113	-
Office equipment	8	7	15
		1,120	**15**
Financial assets			
Investment in associates	9	46	46
		46	**46**
Total non-current assets		**1,442**	**479**
Current assets			
Other receivables		266	260
Receivables from group entities		9,749	6,810
Prepayments		419	272
Cash		1,003	1,772
Total current assets		**11,437**	**9,114**
TOTAL ASSETS		**12,879**	**9,593**
EQUITY AND LIABILITIES			
Equity			
Share capital	11	60	60
Profit and loss account		3,647	3,001
Total Equity		**3,707**	**3,061**
Non-current liabilities			
Non-current liabilities		116	-
Long-term lease obligation	10	846	-
Total non-current liabilities		**962**	**-**
Current liabilities			
Trade payables		1,466	1,027
Other payables		768	794
Short-term lease obligation	10	304	-
Payables to group entities		5,672	4,711
Total current liabilities		**8,210**	**6,532**
Total liabilities		**9,172**	**6,532**
TOTAL EQUITY AND LIABILITIES		**12,879**	**9,593**

Note 1 Basis of Presentation
Note 2 Accounting Policies
Note 12 Related party

Financial statements 1 January – 31 December

Statement of changes in equity

($ '000)	Share capital	Reserve for development costs	Profit and loss account	Total
Equity at 1 January 2018	**60**	**417**	**2,887**	**3,364**
Transfer, appropriation of profit/(loss)	-	(139)	(164)	(480)
Equity at 31 December 2018	**60**	**278**	**2,723**	**3,061**
Transfer, appropriation of profit/(loss)	-	(141)	787	646
Equity at 31 December 2019	**60**	**137**	**3,510**	**3,707**

Financial statements 1 January – 31 December

Notes

1 Basis of Presentation

The annual report of Team Tankers Management A/S has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

In 2019, the Company implemented IFRS 15, *Revenue from contracts with Customers and used the modified retrospective method.* The implementation of IFRS 15 has not affected recognition and measurement in the financial statements. The implementation of IFRS 15 did not require restatement of prior year amounts and therefore, results for 2018 may not be comparable.

In 2019, the Company implemented IFRS 16, *Leases* and adopted the modified retrospective method. The Company leases its office property and has accounted for the remaining expected lease payments discounted at the Group's incremental borrowing rate as a Right-of-use asset on the Balance Sheet offset with a corresponding short-term and long-term lease liability. There has been no effect on equity for the Company as of 1 January 2019. The implementation of IFRS16 did not require restatement of prior year amounts and therefore, results for 2018 may not be comparable. Reference of the effect is made to note 6 and 10. The effect of the implementation of IFRS 16 on Profit / (loss) before tax and after tax is a decrease of TUSD 37.

2 Accounting policies

Foreign currency translation

The Company's presentation currency is United States Dollars ("USD"). On initial recognition, transactions denominated in foreign currencies other than USD are translated at the exchange rates prevailing at the date of transaction. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses. The average currency exchange rate used as of 31 December 2019 is 0.1501 and 31 December 2018 is 0.1589.

Income Statement

Revenue

The Company has chosen IFRS 15 as interpretation for revenue recognition.

Revenues generally include commercial management fees and technical management fees charged to the Group's operating fleet for vessel consulting and advisory services. The Company also receives administrative revenue from the Group for its costs and services rendered through the Copenhagen office. Management fees are recognised over time.

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties.

Staff cost

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial statements 1 January – 31 December

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2 Accounting policies (continued)

Other expenses

Other expenses include costs incurred in the year to manage and administer the Company, including general office expenses, information technology, employee travel and external fees.

Foreign currencies and financial income/expenses

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose is recognised in the income statement as financial income or financial expenses.

Financial income and expenses comprise interest income and bank fees and currency exchange differences recognized on transactions denominated in foreign currencies.

Tax for the year

Tax for the year include the current tax for the year and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance Sheet

Development projects

Development projects comprise of external costs and charges directly attributable to the Company's development activities. Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years. The residual value is determined at the time of acquisition and are reassessed every year. The residual value is USD 0.

Office Equipment

Office equipment is measured at cost less accumulated depreciation. Cost comprises the purchase price and any costs directly attributable to the installation until the date when the asset is available for use.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life. The expected useful lives of the assets are 5 years. The residual value is determined at the time of acquisition and are reassessed every year. The residual value is USD 0.

Right-of-Use Assets and Lease Obligations

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Financial statements 1 January – 31 December

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2 Accounting policies (continued)

Right-of-Use Assets and Lease Obligations (continued)

The company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities (due to indexation of lease payments or extension of leases). The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term

Investment in associates

Investment in associates are measured at cost, which includes the cost of acquisition calculated at fair value plus direct costs of acquisition. If there is evidence of possible impairment, an impairment test is conducted. Where the carrying amount exceeds the recoverable amount, a write-down is made to such lower value.

Impairment of non-financial assets

At each reporting date the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. Assets are written down to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life. Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Financial statements 1 January – 31 December.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the net present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments consist of costs paid for future periods and is mainly comprised of office rent and IT software subscriptions and licenses.

Cash

Cash comprises cash at banks and cash on hand.

Financial statements 1 January – 31 December

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2 Accounting policies (continued)

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or if they are no more part of the Company's operations by a transfer directly to distributable reserves under equity.

Income tax and deferred tax

Current tax payable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on accounts.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Other liabilities are measured at net realisable value.

Financial ratios

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Financial ratios	Ratio calculation
Profit margin	Profit for the year divided by revenue
Current ratio	Current assets divided by current liabilities
Equity ratio	Total equity divided by total assets
Return on equity	Net profit divided by average equity

Financial statements 1 January – 31 December

Notes

3 Staff costs

($ '000)	2019	2018
Wages and salaries	5,448	4,832
Pensions	364	391
Other social security costs	42	38
Other staff costs	413	624
Total staff costs	**6,267**	**5,885**
Average number of full-time employees	**35**	**36**

4 Financial income

($ '000)	2019	2018
Foreign exchange gain	167	23
Other financial income	26	13
Total financial income	**193**	**36**

5 Financial expenses

($ '000)	2019	2018
Foreign exchange losses	(85)	(57)
Interest expense, office lease	(78)	-
Other financial expenses	(15)	(17)
Total financial expenses	**(178)**	**(74)**

6 Right-of-use assets

The Company's Right-of-use asset includes the lease on office property recognized on the Balance Sheet 1 January 2019 which accounts for the remaining non-cancellable lease payments discounted at the Company's incremental borrowing rate (approximately 6.05%).

($ '000)	Office lease
Cost at 1 January 2019	**1,432**
Payments / Amortisation	(319)
Carrying amount at 31 December 2019	**1,113**

Financial statements 1 January – 31 December

Notes

7 Intangible assets

($ '000)	Development projects
Cost at 1 January 2019	**696**
Additions	-
Cost at 31 December 2019	**696**
Amortisation and impairment losses at 1 January 2019	**(278)**
Amortisation	(142)
Amortisation and impairment losses at 31 December 2019	**(420)**
Carrying amount at 31 December 2019	**276**

Development projects in progress

Development projects include development of software. The related expenses primarily consist of external expenses in the form of consulting costs and expense which are capitalized and recorded on the Company's balance sheet. Amortization on the gross value of USD 696 thousand commenced 1 January 2017 following the completion of the software development project once the asset was placed into service. There have been no additions to software development costs in 2019 or 2018.

8 Property, plant and equipment

($ '000)	Office Equipment
Cost at 1 January 2019	**732**
Additions	-
Transferred/disposal	-
Cost at 31 December 2019	**732**
Depreciation and impairment losses at 1 January 2019	**(717)**
Depreciation	(8)
Impairment losses	-
Transferred/disposal	-
Depreciation and impairment losses at 31 December 2019	**(725)**
Carrying amount at 31 December 2019	**7**
Amortised over	**5 years**

Financial statements 1 January – 31 December

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9 Financial assets

($ '000)	Investment in associates
Cost at 1 January 2018	**-**
Share purchase	16
Cash infusion	30
Cost at 31 December 2018	**46**
Share purchase	-
Cash infusion	-
Cost at 31 December 2019	**46**

Carrying amount at 31 December ($ '000)			2019		2018	
Subsidiary	**Registered office**	**Ownership %**	**Equity**	**Results**	**Equity**	**Results**
Team Tankers Crewing Inc.*	Philippines	24.99%	518	370	135	14

*In 2019, the subsidiary changed its name to Team Tankers Crewing, Inc. from Laurin maritime Philippines Inc.

In 2018, Rederiaktiebolaget Due ("Rederi") was the owner of 24.99 per cent of 874,998 shares in Laurin Maritime Philippines Inc. ("Laurin"), a company duly organised and existing under the laws of the Philippines. Team Tankers Management A/S purchased the Laurin shares from Rederi, transferring all rights, title, and interest in the shares for a total purchase price of Philippine Peso 874,998 (USD 16 thousand). The Company also contributed capital of USD 30 thousand to Laurin in December 2018.

10 Short-term and long-term lease obligations

The Company adopted IFRS 16 1 January 2019 and recorded the short-term and long-term lease liability associated with the office lease. The lease obligation ends in June 2020, however, management has assumed the lease will continue for an additional 5 year period.

($ '000)	Office lease
Lease obligation at 1 January 2019	**1,432**
Lease payments	(360)
Interest paid	78
Carrying amount at 31 December 2019	**1,150**
Long-term portion lease liability	**846**
Short-term portion lease liability	**304**

11 Share capital

The share capital USD 59,457 comprises 500 shares of DKK 1.000 nominal value each. All shares rank equally. The share capital has remained unchanged for the last 5 years.

Financial statements 1 January – 31 December

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12 Related party

Parties exercising control

Related party	Domicile	Basis for control
Team Tankers Management Holdings AS	Norway	Parent company

Information about consolidated financial statements

Ultimate parent company	Domicile	Requisitioning of the parent company's consolidated financial statements
Team Tankers International Ltd.	Bermuda	www.teamtankers.com

13 Subsequent Events

Strategic transactions

In March 2020, Team Tankers International Ltd. ("TTI")entered into an agreement for a strategic partnership with Maersk Tankers whereby its subsidiaries including the Company, will transfer commercial management operations to Maersk Tankers for owned or leased vessels. By taking over the vessels' commercial management, Maersk Tankers enters two new segments in which it establishes two new pools. Under the agreement, employees within operations, chartering, and bunker management departments will transfer to Maersk Tankers' offices in Copenhagen, Houston, and Singapore. This agreement commenced on 1 April 2020 and the vessels are planned to enter the pool during the following months. Revenue and management agreements will be adjusted going forward to account for the structure.

In March 2020, TTI entered into an agreement to establish a joint venture ("JV") with ship management specialist V.Group, whereby in-house managed fleet staff, on-shore technical organization and seafaring expertise will transfer to the JV. As part of the agreement, TTI will own 30% and V.Group 70% of the JV, Dania Ship Management AS Denmark. Dania Ship Management AS Denmark will continue to be based in Copenhagen, although additional parties may join in the future. The JV will benefit both parties bringing together valuable technical and crewing organization from the Company together with V.Group's global reach and expertise. TTI and its subsidiaries will have access to the ground-breaking IT system ShipSure developed by V.Group that will enhance safety and efficiency. The JV will also provide procurement advantages from the scale of V.Group. The JV will ensure full and seamless continuity of management for TTI both ashore and on-board vessels with the same staff, officers, and crew whilst promoting uniformity of management within the existing fleet. The JV commenced on 1 April 2020.

COVID-19 pandemic

The novel coronavirus outbreak was officially recognized as a pandemic by the World Health Organization (WHO) 11 March 2020, and has as of the date of this report had significant negative impact on the global economy. TTI has experienced a negative impact on the demand for the Regional Coated CGU trading in Asia, and while it is still unclear to what extent the pandemic will affect trading performance going forward it is likely that the pandemic will affect the performance of all its operations negatively over time. The difficulty in estimating the impact is exacerbated by the crash in oil prices and the strong underlying demand for tankers as of the time of this report. TTI's onshore employees are working from home and management is working to keep its crew safe and to ensure crew changes despite the current travel and port restrictions across the globe. If the pandemic lasts for a prolonged period with corresponding negative impact on the world economy and tanker shipping, it could impact TTI and its subsidiaries negatively through lower earnings, asset price decline and increased financing costs.