

Team Tankers Management A/S

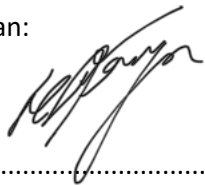
Strandvejen 60
DK-2900 Hellerup

CVR no. 29 68 75 95

Annual report 2021

Approved at the Company's annual general meeting on 30 June 2022

Chairman:



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Hans P. Feringa

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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 2021.

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 2021 and of the results of its operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, Management's review gives a fair view 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.

30 June 2022

Executive Board:



Michael Vilson

Board of Directors:



Hans P. Feringa
Chairman



Morten Arntzen



Jens Gise Schnelle

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 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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, 30 June 2022

EY GODKENDT REVISIONSPARTNERSELSKAB

CVR no. 30 70 02 28

A handwritten signature in blue ink, appearing to read 'PA', with a long horizontal flourish extending to the right.

Peter Andersen

State Authorised

Public Accountant

MNE no.: mne34313

Management's review

Financial highlights

	2021	2020	2019	2018	2017
(\$ '000)					
Key figures					
Revenue	3,014	6,921	10,099	9,201	6,914
Gross profit	1,691	4,757	7,366	5,779	4,285
(Loss)/profit from financial income and expenses	-54	-847	631	-265	-651
(Loss)/profit for the year	95	-151	646	-303	-480
Balance sheet					
Non-current assets	45	45	1,442	449	596
Current assets	1,594	2,276	11,437	9,114	5,844
Total assets	1,639	2,321	12,879	9,563	6,440
Equity	1,151	1,056	3,707	3,031	3,364
Non-current liabilities	-	-	962	-	-
Current liabilities	488	1,266	8,210	6,532	3,076
Financial ratios					
Profit margin (%)	3	-2	6	-3	-7
Current ratio (%)	3	2	1	1	2
Equity ratio (%)	70	45	29	32	52
Return on equity (%)	8	-14	17	-10	-13
Operational metrics					
Average number of full-time employees	6	23	35	36	29

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

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 LLC registered in the U.S., which is a direct subsidiary of Team Tankers International Ltd (“TTI”). The Company’s most important activity is to provide management services to subsidiaries of the Team Tankers International Group (the “Group”).

Group Strategic Implementations

In March 2020, TTI entered into an agreement for a strategic partnership with Maersk Tankers whereby its subsidiaries transferred commercial management operations to Maersk Tankers for owned or leased vessels. By taking over the vessels’ commercial management, Maersk Tankers entered two new segments in which it establishes two new pool agreements. Under the agreements, employees within the operations, chartering, and bunker management departments transferred to Maersk Tankers’ offices in Copenhagen, Houston, and Singapore. This agreement commenced on 1 April 2020 and the vessels of TTI were entered into the pool.

Also 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 owned 30% and V.Group 70% of the JV, Dania Ship Management AS Denmark. Dania Ship Management AS Denmark continued to be based in Copenhagen. The JV benefitted 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 had access to the ground-breaking IT system ShipSure developed by V.Group that enhanced safety and efficiency. The JV also provided procurement advantages from the scale of V.Group. The JV ensured 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. As a result of the JV, the Company sold its crewing operations based in the Philippines to V Group. The JV commenced on 1 April 2020 and ended on 28 March 2022 when the Company sold its shares in the JV to Dania Ship Management Holding A/S.

Based on the agreements above, a majority of the Company’s employees transferred employment to Maersk or V. Group during 2020. The Company closed its operations at the facility it leased and relocated to a smaller more suitable office space on a month-to-month basis.

In line with reduced activity in the Team Tankers International Group the Company has experienced a significant reduction in activity and termination of commitments. The Company will end all employment contracts by 30 June 2022 and initiate a voluntary liquidation of the Company before year-end 2022.

Management's review

Financial review

There was no vessel activity or ship revenues in the Company in 2021. Expenses of the Company include office salaries and benefits, general office expenses and travel, and depreciation. Net gain for 2021 was USD 0.1 million as compared to a loss of USD 0.2 million in 2020.

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 2021 was USD 1.1 million as compared to USD 1.1 million in 2020.

In December 2021, Team Tankers Management LLC, a subsidiary of TTI, purchased the outstanding shares of the Company from Team Tankers Management Holdings AS for cash consideration.

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

Financial risks

Currency risks

The Company's earnings and balance sheet items are mainly in USD but most of the company's administrative costs are in DKK. The Company's result is therefore dependent on the currency difference between DKK and USD.

Events after the balance sheet date

Events taking place after the balance sheet date are disclosed in Subsequent events, see Note 9.

Financial statements 1 January – 31 December

Income statement

		2021	2020
(\$ '000)	Note		
Revenue		3,014	6,921
Other expenses		(1,322)	(2,164)
Gross profit		1,691	4,757
Staff costs	3	(1,543)	(5,037)
Depreciation		-	(567)
Operating (loss) / profit		148	(847)
Financial income	4	-	775
Financial expenses	5	(54)	(79)
(Loss) / profit before tax		95	(151)
Tax for the year		-	-
(Loss) / profit for the year		95	(151)
Recommended appropriation of profit/loss			
Dividend proposed for the year		-	-
Transferred to reserves under equity		95	(151)
Appropriation of (loss) / profit		95	(151)

Financial statements 1 January – 31 December

Balance sheet

(\$ '000)	Note	2021	2020
		31 December	31 December
ASSETS			
Financial assets			
Other investments	6	45	45
Total non-current assets		45	45
Current assets			
Other receivables		378	431
Receivables from group entities		840	1,166
Prepayments		14	289
Cash		362	390
Total current assets		1,594	2,276
TOTAL ASSETS		1,639	2,321
EQUITY AND LIABILITIES			
Equity			
Share capital	7	60	60
Profit and loss account		1,091	996
Total Equity		1,151	1,056
Current liabilities			
Trade payables		315	983
Other payables		173	282
Total current liabilities		488	1,265
Total liabilities		488	1,265
TOTAL EQUITY AND LIABILITIES		1,639	2,321

Note 1 Basis of Presentation

Note 2 Accounting Policies

Note 8 Related party

Financial statements 1 January – 31 December

Statement of changes in equity

	Share capital	Reserve for development costs	Profit and loss account	Dividend	Total
	(\$ '000)				
Equity at 1 January 2020	60	137	3,510	-	3,707
Transfer, appropriation of profit/(loss)	-	(137)	(14)		(151)
Dividend declared to parent	-	-	-	(2,500)	(2,500)
Equity at 31 December 2020	60	-	3,496	(2,500)	1,056
Transfer, appropriation of profit/(loss)	-	-	95	-	95
Dividend declared to parent	-	-	-	-	-
Equity at 31 December 2021	60	-	3,591	(2,500)	1,151

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.

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 2021 is 0.1523 and 31 December 2020 is 0.1527.

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.

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.

Financial statements 1 January – 31 December**Notes****2 Accounting policies (continued)**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.

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

Notes

2 Accounting policies (continued)

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

3 Staff costs

	2021	2020
(\$ '000)		
Wages and salaries	1,461	4,540
Pensions	94	212
Other social security costs	12	14
Other staff costs	(24)	271
Total staff costs	1,543	5,037
Average number of full-time employees	6	23

Financial statements 1 January – 31 December

Notes

4 Financial income

	2021	2020
(\$ '000)		
Foreign exchange gain	-	427
Sale of Subsidiary	-	301
Other financial income	-	47
Total financial income	-	775

5 Financial expenses

	2021	2020
(\$ '000)		
Foreign exchange losses	(46)	(63)
Interest expense, office lease	-	-
Other financial expenses	(8)	(16)
Total financial expenses	(54)	(79)

6 Other investments

	Other investments
(\$ '000)	
Cost at 1 January 2020	
Cost at 31 December 2020	45
Share purchases	-
Shares sold	-
Cost at 31 December 2021	45

7 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**Notes****8 Related party*****Parties exercising control***

Related party	Domicile	Basis for control
Team Tanker Management LLC	US	Parent company
Team Tankers Management Holdings AS	Norway	Former Parent company *

* In 2020, 100% of the shares in the Company were purchased by Team Tankers Management LLC from Team Tankers Management Holdings AS.

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

9 Subsequent Events

The Company sold the shares in Dania Ship Management A/S on 28 March 2022 to Dania Ship Management Holding A/S. The shares were sold at the same value as in the books as of 31 December 2021, so no gain/loss recognized.

In 2022 the Danish tax authorities sent the Company an information request regarding previous transactions with other group companies in the Team Tankers International group. The aim of the information request is to review whether the Company has acted in accordance with applicable withholding tax laws. The Company sent the requested information to the Danish tax authorities in April 2022 and is of the firm belief that it has acted in accordance with applicable tax laws.

On June 7th the Company signed a settlement agreement with Vouvray Group concluding the Joint Venture for technical management. The settlement has resulted in an estimated loss of USD 145,000 to the Company