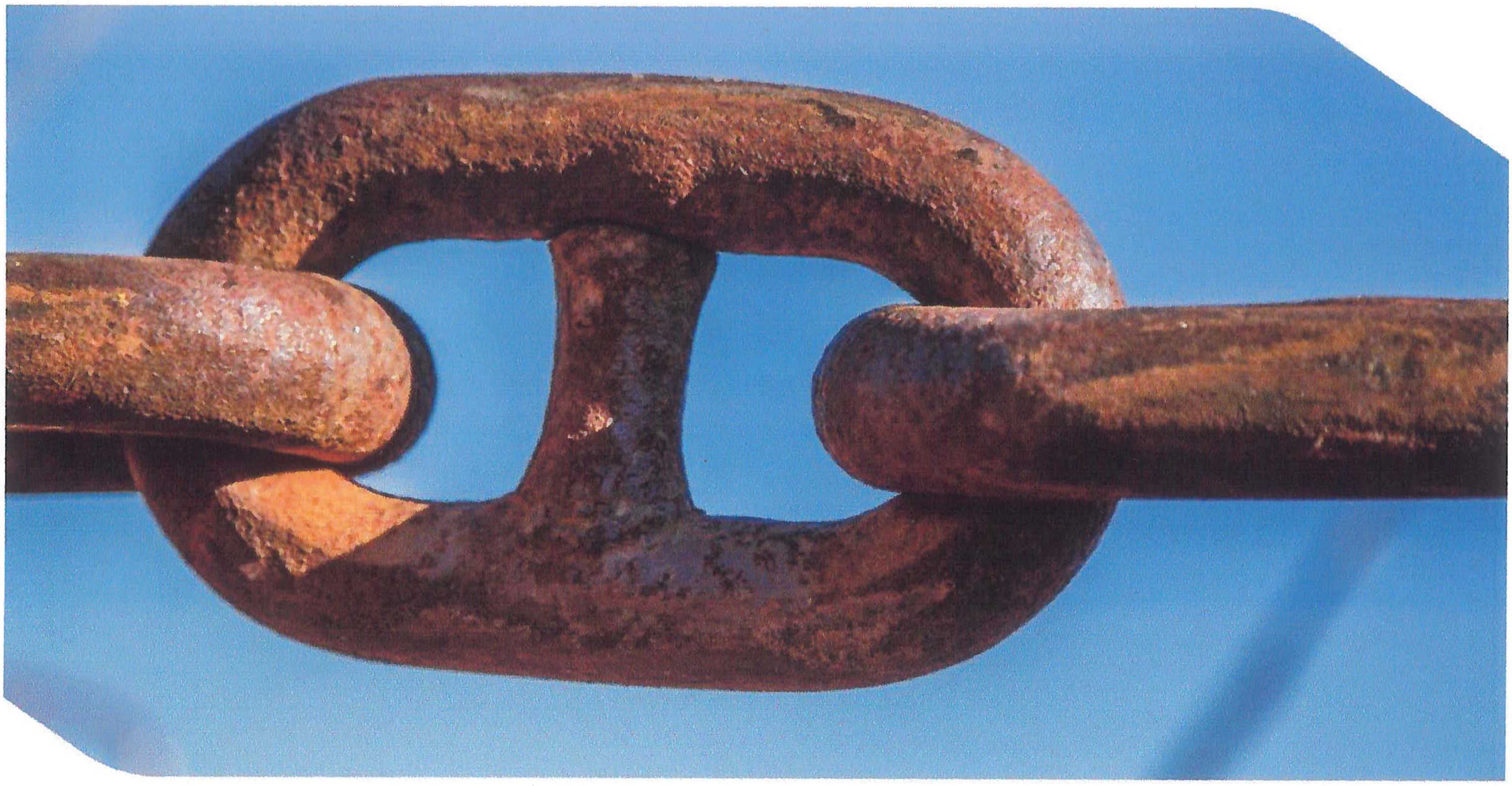
ANNUAL REPORT

2019



MOL Nordic Tankers A/S

Registration no. 34 46 66 96
Tuborg Havnevej 15
2900 Hellerup

The Annual General Meeting adopted the annual report on 15 April 2020

Chairman of the General Meeting

Name: Annette Bruhn Hasenberg

MOL NORDIC TANKERS

Contents

Key figures

USD '000	2019	2018	2017	2016	2015
INCOME STATEMENT					
Revenue	175,843	136,696	116,751	111,439	148,786
Time charter equivalent earnings (TCE)	91,300	71,591	70,272	73,410	80,014
Operating profit bef. depreciations etc. (EBITDA)	15,449	1,273	5,835	14,104	13,479
Depreciations, write-downs and gains/losses	19,985	8,030	8,814	5,999	15,477
Operating profit (EBIT)	-4,537	-6,757	-3,027	8,138	-1,465
Net financials	-7,964	-3,639	-3,313	-5,116	4,689
Result for the year	-12,457	-10,494	-6,477	3,043	2,989
Result of continuing operations	-12,457	-10,494	-6,477	3,043	2,989
Result of discontinued operations	-	-	-	-	-
Total comprehensive income	-12,458	-10,494	-6,481	2,593	2,615
BALANCE SHEET					
Non-current assets	116,125	105,936	113,363	118,900	152,280
Total assets	150,814	133,242	138,497	161,731	207,931
Equity	13,509	58,511	61,434	67,915	68,658
Invested capital	125,730	113,078	118,743	122,574	153,366
Net working capital	9,605	7,142	5,380	3,673	1,086
Investments in tangible assets	35	756	295	27,754	27,358
Net interest-bearing debt	-4,816	54,567	57,309	65,487	106,124
Cash and securities	6,816	10,412	11,689	16,976	19,690
CASH FLOW					
Cash flow from operating activities	5,827	-3,508	134	8,817	11,578
Cash flow from investing activities	100,008	-721	7,238	-27,803	15,920
Cash flow from financing activites	-109,401	3,222	-12,838	16,367	-26,321
Cash flow of the year	-3,566	-1,007	-5,466	-2,619	1,177
EMPLOYEES					
Seafarers	160	176	186	188	299
Land based employees	65	72	104	143	158
FINANCIAL AND ACCOUNTING RATIOS					
TCE margin (%)	51.9%	52.4%	60.2%	65.9%	53.8%
EBITDA margin (%)	8.8%	0.9%	5.0%	12.7%	9.1%
EBIT margin (%)	-2.6%	-4.9%	-2.6%	7.3%	-1.0%
Return on Invested Capital (%)	-3.8%	-5.7%	-2.5%	5.9%	-1.3%
Return on Equity (%)	-34.6%	-17.5%	-10.0%	4.5%	4.7%
Equity ratio	9.0%	43.9%	44.4%	42.0%	33.0%
OTHER					
Total number of vessel days for the Group	6,427	5,123	4,915	4,444	6,430
USD/EUR rate at year-end	0.89	0.87	0.83	0.95	0.92
Average USD/EUR rate	0.89	0.85	0.89	0.90	0.90
USD/DKK rate at year-end	6.68	6.52	6.21	7.05	6.83
Average USD/DKK rate	6.67	6.32	6.60	6.73	6.73

Management review

MOL Nordic Tankers business review

MOL Nordic Tankers is a chemical tankers operator and ship-owner headquartered in Copenhagen, Denmark and with offices in USA and Colombia. MOL Nordic Tankers was acquired by MOL Chemical Tankers Pte. Ltd. as of 31 January 2019, the date upon which the company name was changed from Nordic Tankers to MOL Nordic Tankers.

The core competence of MOL Nordic Tankers is to manage and operate chemical tankers, with the highest focus on safety and quality.

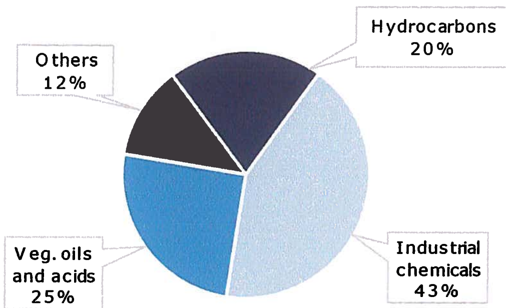
A leading chemical operator specialized in the stainless steel segment between 14,000 and 25,000 dwt

MOL Nordic Tankers is a fully integrated shipping company that operates a fleet of sophisticated chemical tankers. As per 31 December 2019, MOL Nordic Tankers operated a fleet of 23 bareboat or time-chartered vessels. These vessels are in the segment between 14,000 and 25,000 dwt and all vessels but two are equipped with stainless steel tanks. Most of the vessels have multiple tank segregations, which make them well suited for parcel trading. Furthermore, three of the vessels are ice-class, thereby enabling MOL Nordic Tankers to service trade lanes in the Great Lakes and Baltic Sea all-year round. This highly sophisticated fleet makes it possible to combine cargoes from multiple customers on each vessel voyage. Being able to exploit this flexibility in a way that delivers high customer service is a corner stone in MOL Nordic Tankers' business model. MOL Nordic Tankers has developed long lasting relationships with its largest customers over several decades. Most of the customers of MOL Nordic Tankers are industrial groups and the composition of the fleet aims at providing the best service for meeting their logistics needs.

In recent years, MOL Nordic Tankers has become a trusted brand among Japanese vessels owners. In 2019, MOL Nordic Tankers took delivery of three stainless steel newbuildings under long term charters from Japanese shipyards: 16,000 dwt m.v. Nordic Ami and 25,000 dwt m.v. Nordic Copenhagen and m.v. Nordic Callao. One additional 25,000 dwt stainless steel vessel will follow in 2020, enabling MOL Nordic Tankers to maintain a young fleet (average age of 9.7 years).

The cargoes transported by MOL Nordic Tankers' fleet consist of a wide range of products for industrial use, and efficient and safe handling of the cargoes is a major focus for MOL Nordic Tankers. During 2019, MOL Nordic Tankers' fleet performed 279 voyages and carried 3.3 million metric tons of cargoes, composed of 20% hydrocarbons, 43% industrial chemicals, 25% vegetable oil and 12% in other categories. 90% of this volume was carried by owned tonnage while third party tonnage carried 10%.

Cargoes



MOL Nordic Tankers builds its business on long term customer relationships and intimate knowledge of the trade lanes where the Group is present, mainly in Americas, Europe and in the Trans-Atlantic trade

Integration in the MOL Chemical Tankers Group

Upon completion of the acquisition of MOL Nordic Tankers by MOL Chemical Tankers, the two organizations established work streams right away in order to enhance an integration of MOL Nordic Tankers into MOL Chemical Tankers. Such streams encompass commercial synergies (including combination of cargoes and vessels swaps), vessels operations, procurement, IT platforms and finance & administration.

On 28 August 2019, it was announced that a full integration process of MOL Nordic Tankers into MOL Chemical Tankers was initiated and expected to be completed in 2020. Consequently, a reorganization of the executive management of MOL Nordic Tankers was carried out, with Mr. Tsuneo Watanabe taking on the position as CEO and Mrs. Annette Hasenberg taking on the position as EVP.

As an important milestone in the integration process, MOL Nordic Tankers sold its five owned vessels to MOL Chemical Tankers on 14 November 2019 and time-chartered these vessels back right away. This transaction enabled MOL Nordic Tankers to reduce its financing costs.

On 29 November 2019, MOL Nordic Tankers sold its 60% shareholding in technical management company Dania Ship Management Holding A/S to the other shareholder V.Group. This sale is in line with the strategy of MOL Nordic Tankers to focus on its core business area (i.e. commercial operations of chemical tankers) as well as integration in the MOL Chemical Tankers Group.

Strategic focus

The vision of MOL Nordic Tankers is to create exceptional value to stakeholders of MOL Nordic Tankers; customers, tonnage providers, employees, shareholder and society at large.

Safety is MOL Nordic Tankers' first and foremost priority and it is an integral part of MOL Nordic Tankers' vision, mission, strategy and values. MOL Nordic Tankers' overall strategic focus is three-fold:

- Develop best in class safety culture with target of zero accidents
- Optimize the existing business platform
- Unleash synergies with the rest of the MOL Chemical Tankers Group

Management

Board of Directors

The Board of Directors at MOL Nordic Tankers A/S consists of five members with extensive experience within shipping and management. The board has a reasonable size, composition, diversity plus the competences necessary to ensure that the Board of Directors at any given time is qualified to attend to the managerial tasks as the upper management body of the Group.

Executive Management

The Executive Management team at MOL Nordic Tankers consists of two members, each with extensive management experience.

These two members are also members of the Board of Directors.

Executive management, from the left:

Tsuneo Watanabe, *Chief Executive Officer*
More than 30 years of experience from the shipping industry. Chief Executive Officer of MOL Chemical Tankers Pte Ltd since 2015.

Annette Hasenberg, *Executive Vice President*
More than 10 years of experience from the shipping industry. Joined MOL Nordic Tankers in 2010 and became a part of the Executive Management in 2015.

Key developments in 2019

An important milestone in the history of MOL Nordic Tankers took place on 31st January 2019 when it was announced that MOL Chemical Tankers Pte Ltd had completed the acquisition of the company from the private equity fund Triton.

In the course of 2019, as a new member of the MOL Chemical Tankers Group, MOL Nordic Tankers focused on developing its commercial platform in cooperation with the other units of the MOL Chemical Tankers Group. Indeed, with its strong historical presence in the Trans-Atlantic and Inter-Americas trade lanes, MOL Nordic Tankers has increased the global footprint of MOL Chemical Tankers. Furthermore, at fleet operations level, MOL Nordic Tankers started a process of unleashing synergies with the rest of the MOL Chemical Tankers Group, ranging from procurement to fleet deployment.

On 14 November 2019, MOL Nordic Tankers sold its five owned vessels to MOL Chemical Tankers and time-chartered the vessels back. This transaction enabled MOL Nordic Tankers to prepay its bank debt (USD 54.1 million) and to reduce the hire costs of the five vessels.

As an effort to concentrate on the commercial operation of its own fleet, MOL Nordic Tankers initiated the closure of its Stainless Steel Pool in 2019. In addition, MOL Nordic Tankers sold its 60% shareholding in Danish technical manager Dania Ship Management on 29 November 2019.

From a market perspective, 2019 has turned out to be more challenging than expected at the beginning of the year. TCE performance had a slow start of year 2019 but recovery in the following months was far below expectations. Whilst the performance in the Inter-Americas trade lane showed resilience in 2019, performance of the Trans-Atlantic trade lanes turned poorer than expected. Average daily TCE rate for MOL Nordic Tankers' fleet was approx. 3.6% lower in 2019 compared to 2018.

During 2019, the size of the core fleet of MOL Nordic Tankers increased from 17 vessels to 18 vessels in average. At year-end 2019, this fleet was composed of

23 vessels.

In 2019, the vessels having a direct impact on the income statement (owned vessels and chartered vessels) had 6,427 on-hire days. This is about 345 days above expectations at the beginning of the year.

MOL Nordic Tankers continued to harvest the fruits of a focus on unleashing efficiencies in its operations. This was particularly visible on gross administrative expenses, which were reduced by 15% compared to 2018 (adjusted for extraordinary items).

Subsequent events

During February and March 2020, an outbreak of COVID-19 virus has spread from China to large parts of the World, including Americas and Europe which are the main markets for the Company. In several countries, this has resulted in significant disruptions of social life and commercial activities. It is not possible to estimate the length and severity of the outbreak and hence its financial impact. Earnings in the 1st quarter of 2020 have not been affected by the epidemic, but it is likely that it will have a negative impact on revenue and net result in the longer run, especially if it leads to a significant decline in the industrial activity in USA.

Financial highlights of the Group in 2019

Comparative figures for 2018 are displayed in parentheses.

The Group reported a net result of USD -12 million for 2019 (USD -10 million) and a pre-tax profit of USD -13 million (USD -10 million).

The net result is below expectations and the deviation is due to the pressure on revenues entailed by a challenging market and the increase in voyage related expenses resulting from increased fuel cost.

An increase in TCE income was driven by additional on-hire days, but was further challenged by increased time charter expenses.

Revenue is a combination of freight revenue and income from vessels managed in the Stainless Steel Pool. The revenue amounted to USD 176 million (USD 137 million), which is caused by an increase in on-hire days by approx. 1,300. As a result of the closure of the Stainless Steel Pool, the share of revenue from vessels in the pool decreased to 33% of total revenue (61%).

As per 31 December 2019, the Group's equity amounted to USD 14 million (USD 59 million). In January 2019, USD 8 million was injected into the company and in November, a capital reduction amounting to USD 40 million was completed in connection with the sale of vessels to MOL Chemical Tankers.

Time charter equivalent earnings (TCE)

TCE amounted to USD 91 million (USD 72 million). The increase was mainly driven by more on-hire days in 2019 and to a minor extent an increase in daily TCE rates.

Other operating income

Other operating income includes management fees from third party vessels in the Stainless Steel Pool and was significantly reduced by the decision to close down the pool. On average, two third party vessels were in pool during the year, earning commercial management commissions and fees for the Group.

Operating expenses and charter hire

Total operating expenses amounted to USD 16 million (USD 21 million). Hereof, seafarer related expenses amounted to USD 7 million (USD 9 million), while the remaining part related to maintenance and other operating expenses incurred in the operation of the owned fleet. The operating expenses are strongly affected by the sale and lease-back of five owned vessels to MOL Chemical Tankers in November. Time charter expenses amounted to USD 46 million (USD 42 million) as the fleet of time chartered vessels increased during 2019, increasing time charter expenses for the year. The time charter expenses in 2019 were significantly impacted by the implementation of IFRS 16 (on the accounting treatment of leases) which resulted in USD 16 million being reclassified from charter hire expenses to depreciation and interest expenses. Comparable figures for 2018 have not been restated due to IFRS 16.

Administrative expenses

Administrative expenses was USD 15 million (USD 12 million). In 2018, the Group received a one-time termination fee of USD 3 million in connection with the termination of a service level agreement regarding administrative work performed for a 3rd party company. Furthermore, extraordinary expenses of USD 2 million have been recognized in 2019 in connection with reorganization of MOL Nordic Tankers.

Depreciation, write-downs and gains/losses

Depreciation on the Group's owned vessels amounted to USD 20 million (USD 8 million).

The effect of IFRS 16 on depreciations amounted to USD 14 million. This was partly offset by the sale of the five vessels to MOL Chemical Tankers.

Financial income and expenses

Net financial earnings amounted to USD -8 million (USD -4 million), mainly consisting of interest expenses on one senior secured bank loan and interest expenses on leases treated according to IFRS 16.

Assets, equity and liabilities

As per 31 December 2019, the Group's total assets amounted to USD 151 million (USD 133 million). Non-current assets (predominantly lease assets) was USD 116 million (USD 105 million), while cash decreased to USD 7 million (USD 10 million), primarily driven by a negative cash flow from operations.

The Group's equity amounted to USD 14 million (USD 59 million). Total liabilities amounted to USD 137 million (USD 75 million). The increase was due to recognition of lease liabilities under IFRS 16 amounting to USD 117 million, partly offset by full repayment of bank loans amounting to USD 65 million.

At year-end 2019, equity ratio reached 9.0% (43.9%). The decrease is mainly due to IFRS 16. Excluding the effect of IFRS 16, the equity ratio at the end of 2019 would be 41.4%.

Cash flow

Cash flow for the year was USD -4 million (USD -1 million), bringing down the cash balance at year-end to USD 7 million (USD 10 million).

Cash flow from operations amounted to USD 5.8 million (USD -3.5 million). The increase is mainly due to reclassifications due to IFRS 16.

Cash flow from investing activities amounted to USD 100.0 million (USD -0.7 million) due to the sale of vessels to MOL Chemical Tankers.

Cash flow from financing activities amounted to USD -109.4 million (USD 3.2 million), mainly due to a capital reduction of USD 40.3 million and repayment of debt of USD 58.0 million (net). This is partly offset by issue of USD 2.2 million in new share capital.

Outlook for 2020

MOL Nordic Tankers expects that market conditions will improve in 2020 compared to 4th quarter 2019, mainly fueled by a lower supply of new tonnage in the market. Combined with a lower cost base it is expected that the result in 2020 will improve significantly compared to 2019.

In 2020, MOL Nordic Tankers will take delivery of one new building on long time charter from Japanese owners (25,000 dwt stainless steel vessel). This will complete the newbuilding program engaged in recent years and consisting of the delivery of 6 stainless steel vessels between 2018 and 2019 (three 16,000 dwt and three 25,000 dwt vessels). With high fuel efficiency and enhanced cargo capacity, these vessels are increasing the earnings potential of the fleet. Furthermore, a few vessels time chartered a few years ago when market was higher saw their contracts expire in 2019, and replacement tonnage was procured at much lower rates.

The outbreak of COVID-19 virus is likely to have a negative impact on the Group's result for 2020 (please see 'Subsequent events').

Risk Management

Being a global player in the chemical tanker segment, MOL Nordic Tankers is exposed to a variety of risks.

The Group pursues a finance policy that operates with a low risk profile, ensuring the foreign exchange, interest and credit risks arise only on the basis of commercial factors.

The Management continuously monitors the potential risks considered to have the most significant effect on the Group's financial position and business performance. Measures deemed relevant to limit the Group's sensitivity to such risks are evaluated on an on-going basis. Risks and measures are reviewed at least annually with the Board of Directors.

Financial risks

Financing and Liquidity

Access to liquidity is an important factor in the execution of the strategy of the Group. The Group strives to have a strong balance sheet. In order to maintain an adequate liquidity, the Group has entered into a working capital credit facility of USD 10 million with its parent company.

Cash flow developments are monitored closely, including monthly updates and 12 months rolling forecasts to the Management. Furthermore, the Group aims at having sufficient cash reserves in order to overcome a prolonged adverse market situation.

At year-end 2019, the Group had no loan outstanding with financial institutions.

In 2020, MOL Nordic Tankers expects to have sufficient liquidity for meeting its payment obligations for conducting the normal course of its operations without needing the support from its shareholder.

Interest rates

MOL Nordic Tankers' gross interest bearing debt amounted to USD 2 million as per 31 December 2019 (USD 65 million). The debt was intragroup and denominated in USD and carried floating interest rate.

Foreign exchange risks

Most of the revenues earned by MOL Nordic Tankers are in the reporting currency USD while a portion of the operating expenses as well as administrative expenses are incurred in other currencies, primarily in EUR and DKK.

In 2019, a 1% weakening of the USD versus EUR and DKK had an effect of USD -0.1 million (-0.2 million) on profit and equity.

Credit risk

It is Group policy to cooperate with recognized pool partners and only grant credit to major oil and chemical companies and other first class customers in order to minimize credit risks. As such, the Group's credit risk relates to receivables from these first class customers and from pool arrangements contracted with recognized business partners. The credit risk is deemed to be minimal and consequently receivables are not hedged. The Group's maximum credit risk associated with receivables corresponds to their carrying amounts.

For smaller customers and newer customers, it is Group policy to perform a credit assessment based on credit reports retrieved out of the database of one of the world's largest vendors and in accordance with prevailing guidelines of the MOL Chemical Tanker Group. In most cases, such credit reports include a credit rating and information on potential payment delinquency. Furthermore, it is custom to require freight to be paid before cargo release. For customers with whom MOL Nordic Tankers has a long lasting relationship, freight is typically paid after cargo release.

In 2019, MOL Nordic Tankers did not suffer any significant losses from defaulting customers.

Price risks

Freight rates

MOL Nordic Tankers' revenues are exclusively generated from activities in the oil and chemical tankers industry. The oil and chemical tanker industry is cyclical and volatile, which can lead to reductions in freight rates, volumes and ship values.

Fluctuations in freight rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the large variety of products that we carry.

MOL Nordic Tankers mitigates the risk of fluctuation in freight rates by managing the mix between contracts of affreightment and spot market business. Contracts tend to reduce volatility in freight rates. Spot market business, on the other hand, provide flexibility but exacerbate the impact of a downturn in the market. In general, MOL Nordic Tankers has historically maintained a relatively high percentage of contract business.

Bunkers

Bunker fuel constitute the major cost component affecting time charter equivalent earnings (TCE), and increasing prices can have a material impact on MOL Nordic Tankers' results.

The Group is striving to reduce the impact of bunker price fluctuations by passing bunker fuel costs on to customers. Hence, in 2019 approximately half of freight earnings were derived from contracts of affreightment, the large majority of which include a bunker price clause that indexes freight rates with bunker prices.

The effect on profit for the year from a 1% price change will be approx. USD -0.4 million (USD -0.3 million).

Other risks

The Group aims at minimizing its exposure to accidents on the vessels, pollution, damages to hull and machinery etc. by investing in modern vessels, managing the maintenance of the vessels as well as continuing education in its staff.

Furthermore, risks in connection with the operation of the vessels, transport of cargo, personal injuries, environmental damages and war are being covered by insurances in internationally recognized insurance companies. The Group aims at minimizing its exposure by using multiple insurance companies.

The Group has established duplication of business critical IT systems and contingency plans in case of break-downs. Back-up of data is made in an external IT environment outside the Group's offices.

Corporate social responsibility and gender representation

With regards to MOL Nordic Tankers' statutory statement on corporate social responsibility in accordance with section 99a and the statement on the underrepresented gender in accordance with section 99b of the Danish Financial Statements Act, please refer to http://molnordictankers.com/media/1889/mol-nordic-tankers-csr-report-2019.pdf.

Consolidated financial statements

Page

Consolidated income statement

1 January - 31 December

USD '000	Note	2019	2018
Revenue	3	175,843	136,696
Voyage related expenses		-84,543	-65,105
Time charter equivalent earnings (TCE)		**91,300**	**71,591**
Other operating income		796	4,691
Charter hire	4	-45,806	-41,944
Operating expenses	5	-15,940	-20,600
Administrative expenses	4, 5, 6	-14,901	-12,465
Operating profit before depreciation etc. (EBITDA)		**15,449**	**1,273**
Depreciation	7	-19,555	-7,875
Gains/losses from sale/disposal of fixed assets etc.	7	-430	-155
Share of results of associated companies and joint ventures	8	-1	-
Operating profit (EBIT)		**-4,537**	**-6,757**
Financial income	9	398	653
Financial expenses	10	-8,362	-4,292
Result before tax		**-12,501**	**-10,396**
Tax	11	44	-98
Net result		**-12,457**	**-10,494**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to income statement:			
Foreign exchange differences on translation of foreign operations		-1	-
Other comprehensive income		**-1**	**-**
Total comprehensive income		**-12,458**	**-10,494**
Attributable to:			
Shareholders of MOL Nordic Tankers A/S		-12,458	-10,494
Minorities		-	-
		-12,458	**-10,494**

Consolidated balance sheet

at 31 December

USD '000	Note	2019	2018
ASSETS			
Software	12	-	-
Intangible assets		**-**	**-**
Vessels	13	-	105,909
Property, plant and equipment	13	16	22
Prepayments on vessels and dockings under construction	13	-	-
Tangible assets		**16**	**105,931**
Chartered vessels	14	114,732	-
Leased office facilities	14	1,377	-
Lease assets		**116,109**	**-**
Investments in joint ventures	15	-	1
Other financial fixed assets		-	4
Financial assets		**-**	**5**
Non-current assets		**116,125**	**105,936**
Inventories		6,623	1,549
Trade receivables	16, 17	11,891	7,427
Other receivables	18	4,784	4,759
Prepayments	19	4,575	3,159
Cash and cash equivalents	20	6,816	10,412
		34,689	**27,306**
Assets held for sale	21	-	-
Current assets		**34,689**	**27,306**
Assets		**150,814**	**133,242**

Consolidated balance sheet

at 31 December

USD '000	Note	2019	2018
EQUITY AND LIABILITIES			
Share capital	22	1,375	1,222
Share premium		90,375	123,072
Retained earnings		-78,241	-65,783
Equity		**13,509**	**58,511**
Loans	23	-	52,028
Lease liabilities	24	90,055	-
Other non-current liabilities		147	-
Non-current liabilities		**90,202**	**52,028**
Loans	23	2,000	12,951
Lease liabilities	24	26,835	-
Trade payables	17, 25	16,068	5,744
Current tax liabilities		3	5
Other payables	26	2,197	4,003
Current liabilities		**47,103**	**22,703**
Liabilities		**137,305**	**74,731**
Equity and liabilities		**150,814**	**133,242**

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Consolidated statement of changes in equity

1 January - 31 December

USD '000	Share capital	Share premium	Retained earnings	Total
2019				
Equity at 1 January 2019	**1,222**	**123,072**	**-65,783**	**58,511**
Comprehensive income for the year				
Net result	-	-	-12,457	-12,457
Other comprehensive income for the year	-	-	-1	-1
Total comprehensive income for the year	**-**	**-**	**-12,458**	**-12,458**
Issue of share capital during the year	153	7,648	-	7,801
Capital reductions during the year	-	-40,345	-	-40,345
Total change in equity	**153**	**-32,697**	**-12,458**	**-45,002**
Equity at 31 December 2019	**1,375**	**90,375**	**-78,241**	**13,509**
2018				
Equity at 1 January 2018	**1,089**	**115,634**	**-55,289**	**61,434**
Comprehensive income for the year				
Net result	-	-	-10,494	-10,494
Total comprehensive income for the year	**-**	**-**	**-10,494**	**-10,494**
Issue of share capital during the year	133	7,438	-	7,571
Total change in equity	**133**	**7,438**	**-10,494**	**-2,923**
Equity at 31 December 2018	**1,222**	**123,072**	**-65,783**	**58,511**

Consolidated statement of cash flow

1 January - 31 December

USD '000	Note	2019	2018
Operating profit (EBIT)		-4,537	-6,757
Reversal of depreciations		19,555	7,875
Reversal of gains/losses from sale of fixed assets		430	155
Reversal of share of results of associated companies and joint ventures		1	-
Reversal of other non-cash items		-111	333
Change in working capital excl. accrued interest and tax assets/liabilities	27	-2,216	-1,783
Interest income etc. received		154	18
Interest expenses on loans etc. paid		-3,346	-3,345
Interest expenses on lease liabilities paid		-4,102	-
Tax paid		-1	-4
Cash flow from operating activities		**5,827**	**-3,508**
Investments in tangible assets	13	-35	94
Additions in prepayments on vessels, dockings etc.		-	-850
Proceeds from the sale of tangible assets		100,000	-
Proceeds from the sale of financial assets		43	-
Repurchase of shares		-	35
Cash flow from investing activities		**100,008**	**-721**
Proceeds from issue of share capital		2,200	-
Capital reductions		-40,345	-
Proceeds from borrowing		7,000	10,800
Installments on loans	23	-64,958	-7,578
Installments on lease liabilities		-13,298	-
Cash flow from financing activities		**-109,401**	**3,222**
Net cash flow		**-3,566**	**-1,007**
Cash and cash equivalents at beginning of the year		10,412	11,689
Exchange rate adjustments		-30	-270
Net cash flow		-3,566	-1,007
Cash and cash equivalents at end of the year		**6,816**	**10,412**

Notes to the consolidated financial statements

Note 1. Significant accounting policies and changes to accounting policies

The annual report for the period 1 January - 31 December 2019 with comparative figures comprises the consolidated financial statements of MOL Nordic Tankers A/S and its subsidiaries (the "Group" or "MOL Nordic Tankers").

The consolidated financial statements of MOL Nordic Tankers A/S for 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and additional requirements of the Danish Financial Statements Act applying to large enterprises in reporting class C.

The accounting policies remain unchanged from the previous year, except from the implementation of IFRS 16.

The consolidated financial statements are presented in United States Dollars (USD), which is the presentation currency of the Group activities and the functional currency of the parent company.

The consolidated financial statements are presented on the basis of historical cost prices. However, assets classified as "assets held for sale" are measured at the lower of the carrying amount and the fair value less costs to sell.

The implementation of new or amended IFRS standards

MOL Nordic Tankers has adopted all new or amended standards, revised accounting standards and interpretations (IFRIC) as endorsed by the EU which are effective for the financial year 1 January 2019 - 31 December 2019.

The changes to accounting policies due to IFRS 16 are described below. Applied accounting policies are also described in note 35.

IFRS 16, leases

IFRS 16 implies that virtually all leases are to be recognized in the balance sheet in the lessee's accounts as a lease obligation and a lease asset representing the lessee's right to use the underlying asset.

The Group has implemented IFRS 16 on 1 January 2019 by applying the smoother transitional provision. This provision does not require that comparative figures are adjusted and allows the effect of the implementation to be recognized in retained earnings the 1 January 2019. In addition, the Group uses other available exemptions as far as possible, regarding leased assets with low value and leases with a residual maturity of less than 12 months.

As of 31 December 2019, 13 chartered vessels and the leased offices in Copenhagen, Stamford, Houston and Bogota were treated according to IFRS 16.

The transition to IFRS 16 has below impact on the Group's income statement, balance sheet and key financial ratios:

USD '000	2019			2018
	Incl. IFRS 16	IFRS 16 effect	Excl. IFRS 16	Excl. IFRS 16
Charter hire	-45,806	16,423	-62,229	-41,944
Administrative expenses	-14,901	978	-15,879	-12,465
Operating profit before depreciation etc. (EBITDA)	15,449	17,401	-1,952	1,273
Depreciation	-19,555	-14,129	-5,426	-7,875
Gains/losses from sale/disposal of fixed assets etc.	-430	50	-480	-155
Operating profit (EBIT)	-4,537	3,322	-7,859	-6,757
Financial expenses	-8,362	-4,102	-4,260	-4,292
Result before tax	-12,501	-780	-11,721	-10,396
Net result	-12,457	-780	-11,677	-10,494
Balance sheet				
Total assets	150,815	116,108	34,707	133,242
Equity	13,510	-782	14,292	58,511
Liabilities	137,305	116,890	20,415	74,731
Ratios				
EBITDA margin (%)	8.8%	9.9%	-1.1%	0.9%
EBIT margin (%)	-2.6%	1.9%	-4.5%	-4.9%
Return on Invested Capital (%)	-3.8%	9.0%	-12.8%	-5.7%
Return on Equity (%)	-34.6%	-2.5%	-32.1%	-17.5%
Equity ratio (%)	9.0%	-32.2%	41.2%	43.9%

Accounting standards and interpretations not yet adopted

The IASB has issued below financial reporting standards and interpretations, which have been adopted by the EU and will be effective from 2020:

- Amendments to References to Conceptual Framework in IFRS standards
- Definition of material (amendments to IAS 1 on presentation of financial statements and IAS 8 on accounting policies etc.)
- Interest rate benchmark reform (amendments to IFRS 9 on financial instruments, IAS 39 on financial instruments and IFRS 7 on disclosures re. financial instruments)

In addition, IASB has issued below financial reporting standards and interpretations, which have not yet been adopted by the EU:

- Definition of a business (amendments to IFRS 3 on business combinations)
- IFRS 17 on insurance contracts
- Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 on consolidated financial statements and IAS 28 on investments in associates and joint ventures)
- IFRS 14 on regulatory deferral accounts

None of the standards are expected to have significant impact on MOL Nordic Tankers.

Note 2. Significant accounting estimates, assumptions and uncertainties

In applying the Group's accounting policies described in note 1 and note 35, management is required to make estimates, as well as assumptions for the carrying amount of assets and liabilities that cannot be directly derived from other sources. These estimates and assumptions are based on historical experience and other relevant factors. The actual outcome may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes to accounting estimates are recognized in the accounting period in which the change takes place and in future accounting periods if the change affects both the period during which the change takes place and subsequent accounting periods.

Significant accounting estimates associated with accounting policies

In connection with the application of the accounting policies described in note 32, the management has made the following accounting assessments, with a significant effect on the amounts recognized:

- Voyage revenues and costs
- Measurement of tangible assets, lease assets and contracts
- Taxation

Voyage revenues and costs

Voyage revenues and costs are recognized in accordance with the percentage of completion method with operating revenues and expenses recognized for each voyage. This recognition is based on estimated voyage revenues and costs that are reviewed and updated at each period end.

Measurements of tangible assets, lease assets and contracts

The Group evaluates the carrying amount of vessels, lease assets and other net assets to determine whether events have occurred that would indicate the potential for an adjustment to the recognized value of the net assets. The evaluation also includes time charter and bareboat contracts which have not been capitalized in order to establish whether a provision for onerous contracts is needed. The impairment tests are based on a discounted future cash flow model, which is compared to the carrying amount of the assets within the cash generating units. The impairment tests are prepared based on assumptions including future freight rates, earnings from vessels and management activities as well as discount rates. All of these factors have been historically volatile.

In addition to the discounted cash flow model, external valuations of the vessels are retrieved from one or more ship brokers.

Taxation

The Group operates mainly in Denmark where the Danish subsidiary has entered the Danish tonnage tax regime for a binding 10-year period from 2017, ending on 31 December 2026.

The tax rules are complicated when a company's activities is partly covered by the tonnage tax regime and partly by regular taxation. In calculating the taxable income, estimates are made which in later assessment by the Danish tax authorities may result in correction to previous estimates of recognized tax assets and liabilities in the statement of financial position.

Note 3. Revenue

USD '000	**2019**	**2018**
Freight revenue	108,096	47,722
Pool revenue	58,068	82,707
Other voyage related revenue	9,679	6,267
Revenue	**175,843**	**136,696**

Note 4. Leasing expenses

USD '000	2019	2018
Hire regarding vessels on time charter and bareboat charter	61,419	41,417
Leasing expenses regarding office facilities etc.	1,381	1,318
Leasing expenses	**62,800**	**42,735**

Note 5. Staff costs

USD '000	2019	2018
Land based employees (included in administrative expenses)		
Wages and salaries	8,695	10,418
Pensions, defined contribution plans	711	807
Other social security costs	69	56
Other staff costs	77	-23
	9,552	**11,259**
Seafarers (included in operating expenses)		
Wages and salaries	7,124	9,279
Pensions, defined contribution plans	17	2
Other social security costs	8	2
	7,149	**9,283**
Total staff costs	**16,701**	**20,542**

Average employees	**2019**	**2018**
Land based employees	65	72
Seafarers	160	176
	225	**248**

Amounts and numbers related to seafarers only include vessels that are either owned or chartered on bareboat charter agreements. Seafarers on vessels chartered on time charter agreements are not included.

USD '000	2019	2018
Board of Directors		
Remuneration to the Board of Directors	17	261
CEO and key management personnel		
Salaries	702	3,214
Pensions, defined contribution plans	40	88
Other social security costs	1	4
Severance payments	1,840	-
Total remuneration	**2,600**	**3,567**

Persons in the Board of Directors and key management	2019	2018
Board of Directors	5	6
CEO and key management personnel	2	3
	7	**9**

Note 6. Fees to the auditor appointed at the general meeting

USD '000	2019	2018
Audit	58	94
Tax consultancy	9	35
Other services	7	-
Total	**74**	**129**

Note 7. Depreciations, impairments and gains/losses

USD '000	2019	2018
Depreciation of intangible assets, ref. note 12	-	-26
Depreciation of tangible assets, ref. note 13	-5,426	-7,849
Depreciation of lease assets, ref. note 14	-14,129	-
Depreciations	**-19,555**	**-7,875**
Gains/losses re. sale/disposal of tangible assets, ref. note 14	-474	-155
Gains/losses re. sale/disposal of financial assets, ref. note 15	44	-
Gains/losses	**-430**	**-155**

Note 8. Share of result in associated companies and joint ventures

USD '000	2019	2018
Results in joint-ventures, ref. note 15	-1	-
Results of associated companies and joint ventures	**-1**	**-**

Note 9. Financial income

USD '000	2019	2018
Interest income	167	133
Exchange rate gains	231	510
Other financial income	-	10
Financial income	**398**	**653**

Note 10. Financial expenses

USD '000	2019	2018
Interest expenses on mortgage debt	3,282	3,579
Interest expenses on lease liabilities	4,102	-
Other interest expenses	76	112
Exchange rate losses	290	575
Other financial expenses	612	26
Financial expenses	**8,362**	**4,292**

Note 11. Tax

USD '000	2019	2018
Tax on the results for the year	-80	111
Adjustments of tax regarding previous years	36	-13
Tax for the year recognized in the income statement	**-44**	**98**

The majority of the Group's income tax base is located in Denmark, and therefore subject to the Danish tonnage tax scheme. The Group renewed its participation in the tonnage tax scheme on 1 January 2017, with a binding period of 10 years, and it is the Group's expectation to continue to participate in the tonnage tax scheme after the binding period expires, with an equivalent or higher activity level compared to the time where the Group entered the tonnage tax scheme.

The Group did not own any vessels upon entering the tonnage tax scheme; consequently, the Group has no deferred, or contingent, taxes from the transitional period.

Under the tonnage tax scheme, income and expenses from shipping activities are not subject to direct taxation and accordingly an effective rate reconciliation has not been provided. Instead, the taxable income is calculated from:

- The net tonnage of the vessels used to generate the income from shipping activities
- A rate applicable to the specific net tonnage of the vessel based on a sliding scale

At 31 December 2019, the Group's deferred tax assets amounts to USD 0.2 million. No deferred tax liabilities are recognized. The tax asset of non-recognized tax losses and tax credits carried forward, with certain limitations in subsidiaries and time, amounts to USD 3.0 (2018: USD 1.4 million) for the Group. There are no unrecognized tax liabilities associated with investments in foreign subsidiaries and jointly controlled companies.

Note 12. Intangible assets

USD '000	Software
2019	
Cost at 1 January 2019	611
Cost at 31 December 2019	**611**
Accumulated depreciation at 1 January 2019	-611
Depreciation at 31 December 2019	**-611**
Carrying amount at 31 December 2019	-
2018	
Cost at 1 January 2018	2,811
Disposals during the year	-2,200
Cost at 31 December 2018	**611**
Accumulated depreciation at 1 January 2018	-2,785
Depreciation for the year	-26
Disposals during the year	2,200
Depreciation at 31 December 2018	**-611**
Carrying amount at 31 December 2018	-

Note 13. Tangible assets

USD '000	Vessels	Property and equipment	Prepay-ments on vessels and dockings	Total
2019				
Cost at 1 January 2019	129,679	75	-	129,754
Additions during the year	-	35	-	35
Disposals during the year	-129,679	-47	-	-129,726
Cost at 31 December 2019	**-**	**63**	**-**	**63**
Accumulated depreciation at 1 January 2019	-23,770	-53	-	-23,823
Depreciation for the year	-5,385	-41	-	-5,426
Disposals during the year	29,155	47	-	29,202
Depreciation at 31 December 2019	**-**	**-47**	**-**	**-47**
Carrying amount at 31 December 2019	**-**	**16**	**-**	**16**
2018				
Cost at 1 January 2018	133,863	221	-	134,084
Additions during the year	-94	-	850	756
Disposals during the year	-4,940	-146	-	-5,086
Transfers to/from other items	850	-	-850	-
Cost at 31 December 2018	**129,679**	**75**	**-**	**129,754**
Accumulated depreciation at 1 January 2018	-20,765	-140	-	-20,905
Depreciation for the year	-7,791	-58	-	-7,849
Disposals during the year	4,786	145	-	4,931
Depreciation at 31 December 2018	**-23,770**	**-53**	**-**	**-23,823**
Carrying amount at 31 December 2018	**105,909**	**22**	**-**	**105,931**

Note 14. Lease assets

USD '000	Chartered vessels	Leased office facilities	Total
2019			
Cost at 1 January 2019	-	-	-
Effect of change in accounting policies (IFRS 16) at 1 January 2019	32,478	2,328	34,806
Additions during the year	96,248	67	96,315
Disposals during the year	-830	-53	-883
Cost at 31 December 2019	**127,896**	**2,342**	**130,238**
Accumulated depreciation at 1 January 2019	-	-	-
Depreciation for the year	-13,165	-964	-14,129
Disposals during the year	-	-	-
Depreciation at 31 December 2019	**-13,165**	**-964**	**-14,129**
Carrying amount at 31 December 2019	**114,731**	**1,378**	**116,109**

As of 31 December 2019, Management has made an impairment test of the recoverable amount of the Group's fleet. The fleet is considered to be one cash-generating unit (CGU).

The value in use is estimated based on the net present value of the future cash flows generated by the fleet. The cash flows for the period 2020-2024 are based on the Group's budget for 2020 and the 5 years projection for 2020-2024. After the 5 years period, TCE rates, operating and administrative costs are expected to increase by a constant inflation rate over the respective vessels' remaining charter periods / economic life times. The key assumptions of the value in use calculation are disclosed below:

	2019	2018
Average annual growth in TCE rates in the 5 year period, percent p.a.	2.3	8.2
Average annual growth in TCE rates after the 5 year period, percent p.a.	2.0	1.5
Expected lifetime of vessels, years	25	25
Weighted average cost of capital (WACC) after tax, percent p.a.	6.2	8.5

Based on the impairment test, Management has concluded that there is not a need to write down the carrying amount of the fleet.

The calculation of value in use is sensitive to changes in the key assumptions related to the future development in TCE rates and the WACC applied as discounting factor in the calculations. All other things being equal, the value in used will be affected by changes in key assumptions as follows:

- An increase/decrease in TCE per day of 1% would result in an increase/decrease in the value in use of USD 2.8 million. A decrease in TCE per day of 1% would cause the value in use to fall below the carrying value.

- A decrease in WACC of 1 percentage point would result in an increase in the value in use of USD 6.4 million while an increase in WACC of 1 percentage point would result in a decrease in the value in use of USD 5.7 million while. An increase in WACC of 1 percentage point would cause the value in use to fall below the carrying value.

Please refer to note 35 for further information.

Note 15. Investments in joint ventures

Company	Nature of investment	2019		2018	
		Share of result USD '000	Carrying amount USD '000	Share of result USD '000	Carrying amount USD '000
Nordic Womar Pte. Ltd., Singapore	50% owned joint venture	-1	-	-	1
		-1	**-**	**-**	**1**

Nordic Womar Pte. Ltd. was liquidated on 4 July, 2019.

Note 16. Trade receivables

USD '000	2019	2018
Receivables from freight and management services	10,131	7,063
Contract assets	1,738	323
Accrued income	23	78
Provisions for bad debt	-1	-37
Trade receivables	**11,891**	**7,427**
Hereof:		
Not due	6,121	4,194
Overdue 1-90 days	3,733	1,947
Overdue more than 90 days	277	922
Receivables from freight and management services	**10,131**	**7,063**

The fair value of trade receivables approximates the carrying amount.

Note 17. Contract balances

USD '000	Contract assets	Contract liabilities
2019		
Contract balances at 1 January 2019	323	83
Additions during the year	1,738	929
Revenue recognized from liabilities opening balance during the year		-83
Amortized costs during the year	-323	
Contract balances at 31 December 2019	**1,738**	**929**
2018		
Contract balances at 1 January 2018	266	560
Additions during the year	323	83
Revenue recognized from liabilities opening balance during the year		-560
Amortized costs during the year	-266	
Contract balances at 31 December 2018	**323**	**83**

Note 18. Other receivables

USD '000	2019	2018
Deposits	3,984	3,975
Insurance claims and other claims	-	8
Miscellaneous receivables	800	776
Other receivables	**4,784**	**4,759**

The fair value of other receivables approximates the carrying amount.

Note 19. Prepayments

USD '000	2019	2018
Prepayments regarding time charter and bareboat charter agreements	4,327	1,771
Insurance prepayments	21	140
Other prepayments to suppliers etc.	227	1,248
Prepayments	**4,575**	**3,159**

Note 20. Cash and cash equivalents

USD '000	2019	2018
USD	6,261	7,730
EUR	455	2,371
DKK	50	175
Other currencies	50	136
Cash and cash equivalents	**6,816**	**10,412**
Hereof:		
Unrestricted	6,816	10,412
Restricted	-	-
	6,816	**10,412**

Note 21. Assets held for sale

USD '000	2019	2018
Carrying amount at 1 January	-	-
Disposals for the year	-	-
Carrying amount at 31 December	**-**	**-**

As of 31 December 2018, Dania Ship Management was classified as asset held for sale. The carrying amount of the investment was USD 0. On 29 November 2019, MOL Nordic Tankers sold its shares to V.Group with whom MOL Nordic Tankers has owned Dania Ship Management since the company's establishment in 2017.

Note 22. Share capital

	2019			2018		
	Number of shares	Nominal value DKK	Share capital DKK	Number of shares	Nominal value DKK	Share capital DKK
Class A shares	8,000,000	1.00	8,000,000	7,000,000	1.00	7,000,000
Share capital 31 December	**8,000,000**	**1.00**	**8,000,000**	**7,000,000**	**1.00**	**7,000,000**

On 25 January 2019, a shareholder loan amounting to USD 5,600,000 was converted to equity. In connection with this, the share capital was increased by USD 152,186 (DKK 1,000,000) by issuing 1,000,000 new shares with a nominal value of DKK 1.00. The remaining amount of USD 5,447,814 has been recognized as share premium.

Note 23. Loans

USD '000	2019	2018
Current portion of non-current debt with maturities within 1 year	2,000	12,951
Non-current debt with maturities between 1 and 5 years	-	52,028
Total	**2,000**	**64,979**
Hereof:		
Loans denominated in USD with floating interest rate	2,000	65,485
Borrowing costs	-	-506
Total	**2,000**	**64,979**

The fair value of the loans approximates the carrying amount.

The loan agreements re. bank loans include minimum requirements (financial covenants) for liquidity. The requirements were met throughout 2018 and 2019 until repayment in November 2019.

The loan of USD 2 million at 31 December 2019 does not contain any financial covenants.

USD '000	31 December 2018	Financing cash flow[1]	Other changes[2]	31 December 2019
Bank loans	59,379	-59,885	506	-
Loans from related parties	5,600	1,927	-5,527	2,000
	64,979	**-57,958**	**-5,021**	**2,000**

[1] The cash flows from bank loans, loans from related parties and other borrowings make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

[2] Other changes include conversion of debt to equity and amortization of loan costs.

On 25 January 2019, a shareholder loan amounting to USD 5.6 million was converted to equity.

Note 24. Lease liabilities

USD '000	Current	Non-current	Total
Carrying amount at 1 January 2019	-	-	-
Effect of change in accounting policies (IFRS 16) at 1 Janyary 2019	7,300	27,523	34,823
Additions during the year	20,177	76,071	96,248
Transfers from non-current to current during the year	13,539	-13,539	-
Installments during the year	-13,298	-	-13,298
Other movements	-883	-	-883
Carrying amount at 31 December 2019	**26,835**	**90,055**	**116,890**

Note 25. Trade payables

USD '000	2019	2018
Payables for goods and services	9,726	3,090
Contract liabilities	929	83
Accrued costs	5,413	2,571
Trade payables	**16,068**	**5,744**

Note 26. Other payables

USD '000	2019	2018
Employees' withheld income taxes, pensions, social contributions etc.	2,177	3,031
Accrued interest	-	143
Miscellaneous payables	20	829
Other payables	**2,197**	**4,003**

Note 27. Changes in working capital

USD '000	2019	2018
Change in inventories	5,074	178
Change in trade receivables	4,465	2,255
Change in other receivables excl. tax assets	-78	486
Change in prepayments	1,416	519
Change in trade payables	-10,324	-
Change in other payables excl. accrued interest and tax assets/liabilities	1,663	-1,655
Change in working capital excl. accrued interest and tax assets/liabilities	**2,216**	**1,783**
Change in accrued interest	143	-17
Change in tax assets	103	13
Change in tax liabilities	2	-5
Change in working capital	**2,464**	**1,774**

Note 28. Lease liabilities and other contractual obligations

USD '000	2019	2018
Bareboat and time charter agreements		
The Group has entered into bareboat and time charter agreements falling due until 2029.		
Bareboat and time charter obligations with maturities within 1 year	94,445	42,173
Bareboat and time charter obligations with maturities between 1 and 5 years	143,759	135,130
Bareboat and time charter obligations with maturities over 5 years	61,339	72,687
Total	**299,543**	**249,990**
Rental commitments		
The Group has entered into irrevocable rental agreements regarding office facilities.		
Rental commitments with maturities within 1 year	925	965
Rental commitments with maturities between 1 and 5 years	380	1,262
Rental commitments with maturities over 5 years	-	-
Total	**1,305**	**2,227**
Other contractual obligations		
The Group has contractual obligations to IT service partners.		
Contractual obligations with maturities within 1 year	585	516
Contractual obligations with maturities between 1 and 5 years	158	1
Contractual obligations with maturities over 5 years	-	-
Total	**744**	**517**

In connection with the implementation of IFRS 16, below amount was recognized in the balance sheet as of 1 January 2019:

USD '000	Total
Nominal value of bareboat and time charter agreements and rental commitments as of 31 December 2018	252,217
Nominal value of bareboat and time charter agreements and rental commitments in scope of IFRS 16	81,216
Net present value of lease liabilities in scope of IFRS 16 recognized on 1 January 2019	34,823

The lease liabilities were discounted using an interest rate at 8%.

Note 29. Unrecognized contingent assets and liabilities

The Group is not involved in any lawsuits involving claims against the Group. However, claims have been made against the Group regarding demurrage etc. It is Management's opinion that the outcome of these disputes will not have any material impact on the Group's financial position, result or cash flow.

The Group is not involved in any lawsuits, disputes etc. involving claims from the Group against third parties.

The Group has not issued any guarantees apart from guarantees issued by the parent company for the obligations of its subsidiaries.

In 2019, the taxable result in the jointly taxed Danish companies was USD -6.8 million. The corresponding tax credit (USD 1.5 million) has not been recognized in the income statement but is considered a contingent asset. The accumulated amount (including previous years) is USD 3.0 million. The majority of the Group's activities is subject to the Danish tonnage tax scheme, and consequently, Management finds that it is uncertain whether the Group will be able utilize the credit.

Note 30. Mortgages and security

USD '000	2019	2018
Loans secured by mortgages in vessels	-	59,880
Carrying amount of vessels being mortgaged	-	105,643
Value of mortgages and other securities	-	112,500

Loan amounts are nominal amounts. The amounts do not include capitalized loan establishment costs.

Note 31. Financial risks

Due to the nature of MOL Nordic Tankers' operations, the Group is mainly exposed to risks relating to fluctuations in freight rates, bunker prices, interest rates and currency rates. In addition, the Group is dependent on having access to credit facilities to finance its operation and investments.

Freight rates

Freight rates have historically been volatile. Voyages made in the spot market are fully exposed to changes in freight rates, while voyages made under a contract of affreightment have fixed freight rates as stipulated in the contracts, thus reducing the effect of fluctuations in the freight rates.

USD '000	2019	2018
Sensitivity re. freight rates: Effect of 1% increase in freight rates (spot)		
Change in profit before tax	792	817
Change in equity	792	817

Bunker prices

Bunker prices have historically been volatile. Voyages made in the spot market are fully exposed to changes in bunker prices. Contracts of affreightment often include bunker clauses stating that in the event of large changes in the bunker price compared to the price at the contracting time a part of the change (both price increases and price drops) is to be passed on the customer. The specific terms vary from contract to contract. Smaller changes in the bunker price will have full effect on the Group's result.

USD '000	2019	2018
Sensitivity re. bunker prices: Effect of 1% increase in bunker price		
Change in profit before tax	-408	-314
Change in equity	-408	-314

Interest rates

As of 31 December 2019, the Group's interest bearing debt amounted to USD 2 million. The debt carries floating interest, based on LIBOR. As a result, the Group's interest expenses are affected by fluctuations in LIBOR.

USD '000	2019	2018
Sensitivity re. interest rates: Effect of 100 basis points increase in LIBOR		
Change in profit before tax	-475	-640
Change in equity	-475	-640

Currency rates

The majority of the Group's revenue is denominated in USD while parts of the costs are denominated in other currencies, mainly EUR and DKK. Consequently, the Group is exposed to fluctuations in currency rates, in particular the USD/EUR rate.

USD '000	2019	2018
Sensitivity re. currency rates: Effect of 1% strengthening of EUR vs. USD		
Change in profit before tax	-140	-153
Change in equity	-140	-153

Financing

In March 2020, MOL Chemical Tankers extended a credit facility of USD 10 million to the Group. Based on this and the cash forecast for 2020, Management has assessed that the liquidity is sufficient to finance the operations at least until 31 December 2020.

Note 32. Related party disclosures and transactions with related parties

Related parties with controlling influence

Until 31 January 2019, MOL Nordic Tankers A/S was 100% owned by Nordic Tankers LuxCo. S.C.A. which had a controlling interest in the Company. On 31 January 2019, Nordic Tankers LuxCo. S.C.A. sold its share in the Group to MOL Chemical Tankers Pte. Ltd.

Associated companies and joint ventures

For a list of associated companies and joint ventures, see note 32.

Transactions with related parties

The related parties comprise the Executive Board, members of the Board of Directors, as well as their close relatives. Related parties also include companies in which the above-mentioned persons have significant interests as well as companies and foundations, which have direct or indirect considerable influence through shareholding.

In the financial year, the Group had the following transactions with related parties:

USD '000	Key personnel in manage-ment	Associated companies	Other related parties[1]	Total
2019				
Charter hire (expese)	-	-	6,964	6,964
Opex services (expense)	-	-1,036	-	-1,036
Administive services (income)	-	452	-	452
Administive services (expense)	-	-	-18	-18
Remunerations etc. ref. note 5	-2,600	-	-	-2,600
Net financials	-	-	-159	-159
Shareholder loans	-	-	2,000	2,000
Lease liabilities	-	-	10,949	10,949
2018				
Management fees (income)	-	-	20	20
Opex services (expense)	-	-1,000	-	-1,000
Administrative services (income)	-	1,004	3,745	4,749
Administrative services (expense)	-	-	-287	-287
Remunerations etc. ref. note 5	-3,508	-	-	-3,508
Net financials	-	-3	-	-3
Trade receiveables	-	-83	699	616
Other receivables	-	3	-	3
Trade payables	-	0	7	7
Other liabilities	-	324	1,245	1,569

[1]Other related parties consists of MOL entities and MOL controlled entities and of Triton entities and Triton controlled entities.

Transactions with subsidiaries have been eliminated in the consolidated financial statements in accordance with the accounting policies applied.

Note 33. Companies in the Group

Company	Country	Registration number	Owner-ship	Voting rights
MOL Nordic Tankers A/S	Denmark	34466696	100%	100%
Nordic Caribe K/S	Denmark	35836470	100%	100%
MOL Nordic Tankers Trading A/S	Denmark	17952072	100%	100%
MOL Nordic Tankers (USA) LLC	USA	99-0375248	100%	100%
MOL Nordic Tankers (Colombia) S.A.S.	Colombia	860522025-4	100%	100%
Nordic Tankers Marine India Pvt. Ldt.	India	U61200MH2013FYC239604	100%	100%

With effect from 1 January 2019, MOL Nordic Tankers Freight ApS and Nordic Caribe Partner ApS were merged with MOL Nordic Tankers Trading A/S.

Nordic Caribe K/S was liquidated on 24 January 2020. Furthermore, Nordic Tankers Marine India Pvt. Ltd. is planned to be liquidated in 2020 and MOL Nordic Tankers A/S and MOL Nordic Tankers Trading are planned to be merged in 2020.

Note 34. Subsequent events

During February and March 2020, an outbreak of COVID-19 virus has spread from China to large parts of the World, including Americas and Europe which are the main markets for the Company. In several countries, this has resulted in significant disruptions of social life and commercial activities. It is not possible to estimate the length and severity of the outbreak and hence its financial impact. Earnings in the 1st quarter of 2020 have not been affected by the epidemic, but it is likely that it will have a negative impact on revenue and net result in the longer run, especially if it leads to a significant decline in the industrial activity in USA.

Note 35. Accounting policies

Accounting policies, in addition to those described in note 1, are as described below.

Consolidated financial statements

The consolidated financial statements include MOL Nordic Tankers A/S (parent company) and the enterprises (subsidiaries) which are controlled by the parent company. Control is achieved when the company:

- has the power of the investee
- is exposed or has the right to variable returns from involvement with the investee
- has the ability to use its power to affect its returns

The Group's joint control or significant influence over an entity or activity is subject to an assessment of power and exposure to variability in returns. When assessing joint control, an analysis is carried out to determine which decisions require unanimity and whether these concern the activities that significantly affects return. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement, which is typically relevant for the pool arrangements in which some of the Group's vessels operate. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Basis of consolidation

The consolidated financial statements have been prepared on the basis of the accounts of MOL Nordic Tankers A/S and its subsidiaries and joint arrangements. The consolidated financial statements have been prepared by adding together items of a uniform nature. The accounts used for consolidation purposes have been prepared in accordance with the Group's accounting policies. Intercompany income and expenses, intercompany balances and dividends as well as profit and loss from intercompany transactions have been eliminated on consolidation. Subsidiaries' items are recognized in full in the consolidated financial statements. Investments in joint arrangements are recognized and measured in the consolidated financial statements based on the equity method. The proportionate share of the results of the entities after tax and elimination of unrealized proportionate intercompany profits and losses is recognized in the income statement.

Business combinations

Newly acquired or formed entities are recognized in the consolidated financial statements from the date of acquisition or formation. The date of acquisition is the date on which control over the entity is effectively transferred.

When purchasing new entities where the Group has a controlling influence over the acquired business, the acquisition method is used, after which the entities' assets, liabilities, contingent liabilities are measured at fair value at acquisition date. Non-current assets, which are acquired with intention to sale, are measured at fair value withdrawn expected sales costs. Restructuring costs are recognized in the acquisition balance, only if they constitute a liability for the acquired entity. The tax effect of the revaluations is taken into account.

The consideration for a company consists of the fair value of the consideration paid for the acquired entity. If the final determination of the consideration is conditional on one or more future events, these are recognized at their fair value at the acquisition date. Costs relating to the acquisition are recognized in the income statement at the time of the event.

Positive differences (goodwill) between the acquisition cost of the acquired entity, the value of minority interests in the acquiree and the fair value of previously acquired interests and the fair value of the acquired assets, liabilities and contingent liabilities are recognized as an asset in intangible assets and tested at least once a year for impairment. If the carrying amount of the asset exceeds its recoverable amount, it is depreciated to the lower recoverable amount.

In the case of negative differences (negative goodwill), the estimated fair values are recalculated purchase consideration for the enterprise, the value of minority interests in the acquired company and the fair value of previously acquired shareholdings. If the difference is still negative, the difference is recognized as an extraordinary income in the income statement.

If, at the time of acquisition, uncertainty exists regarding the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the purchase consideration, first recognition is based on preliminary values. The provisionally calculated values can be adjusted or additional assets or liabilities are recognized up to 12 months after the acquisition, if new information has been obtained regarding circumstances existing at the acquisition date that would have affected the valuation of the acquisition date if the information was known.

Subsequent changes in estimates of conditional purchase remuneration are generally recognized directly in profit or loss.

Profits or losses on the sale or settlement of subsidiaries and associates

Profits or losses of sale or settlement of subsidiaries and associates that result in termination of control and significant influence are calculated as the difference between the fair value of the sales proceeds or the settlement amount and the fair value of any remaining equity interests and, on the other hand, the carrying amount of the net assets at the disposal or settlement date, including goodwill, withdrawn any minority interests. The realized profit or loss is recognized in the income statement as well as accumulated exchange rate adjustments previously recognized in other comprehensive income.

Foreign currency translation

The functional and presentation currency of the Group is USD. On initial recognition, transactions in currencies other than the functional currency of each entity are translated using the exchange rate at the date of the transaction. Receivables, payables and other monetary items in foreign currencies, which have not been settled at the balance sheet date, are translated using the rate of exchange at the balance sheet date. Any exchange differences arising between the rate of exchange at the date of the transaction and the rate of exchange at the date of payment and the balance sheet date, respectively, are recognized in the income statement as financial income and expenses. Property, plant and equipment, intangibles, inventories and other non-monetary assets purchased in foreign currencies and measured using historical costs are translated using the rate of exchange at the date of the transaction.

Income statement

Revenue and other operating income

Income, including revenue and other operating income, is recognized in the income statement when:

- The income generating activities have been carried out on the basis of a binding agreement
- The income can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- Costs relating to the transaction can be measured reliably

Revenue comprises freight, demurrage and other income from transportation of freight. Revenue is recognized when or as performance obligations are satisfied by transferring the promised goods or service s to the customer, i.e. at a point in time or over time provided that the stage of completion can be measured reliably. Revenue is measured at the consideration the Group expects to be entitled to. Accordingly, freight, charter hire and demurrage revenue are recognized at selling price upon delivery of the service as per the charter parties concluded. The stage of completion is based on the number of onhire days completed divided by the expected total voyage days for the individual cargo. Accordingly, freight revenue for cargoes under transport at year-end is recognized at selling price multiplied by stage of completion.

The Group generates part of its revenue through pool or joint venture arrangements. Total pool revenue is generated from each vessel participating in the pool. The pool measures revenue based on the contractual rates and the duration of each voyage, and revenue is recognized in the pools income statement upon delivery of service in accordance with the Group's definition on recognizing income. The pools are regarded as joint arrangements, and the Group's share of items in the income statement and balance sheet in the respective pools is accounted for by recognizing a proportional share, based on participation in the pool. The Group's share of pool revenue is primarily dependent on the number of days the Group's vessels have been available for the pools in relation to the total available pool earning days during the period.

Other operating income comprises management fees and other income. Management fees related to voyages are recognized based on the same principles as revenue. Other income is recognized when invoiced.

Voyage related expenses

These are expenses related to voyages performed by the Group's vessels. Voyage related expenses consist mainly of bunkers, port expenses and commissions. Voyage related expenses are recognized concurrently with the voyage.

Charter hire

Lease payments relating to charter hire arrangements where IFRS 16 is not applied are recognized using the straight-line method in the income statement over the term of the leases. For charter hire arrangements where IFRS 16 is applied, the charter hire cost includes the cost of the non-lease (service) component of the contracts.

Operating expenses

Operating expenses include costs relating to the operation and maintenance of vessels, including costs relating to crew. Operating expenses are recognized as incurred.

Administrative expenses

Administrative expenses include the cost of offices, personnel costs and administrative costs. Staff costs comprise wages and salaries, social security and pension costs, etc. and are recognized as incurred.

Depreciation and impairment losses

Depreciation and impairment losses comprise depreciation of tangible and intangible fixed assets and lease assets (right-of-use assets) for the period as well as the impairment of the value of assets by the amount by which the carrying amount of the asset exceeds its recoverable amount. In the event of indications of impairment, the carrying amount is assessed, and the value of the asset is impaired to its recoverable amount equal to the higher of value in use based on net present value of future earnings from the assets and its net selling price.

Financial items

Financial items comprise interest income and expenses, including interest expenses on lease obligations under IFRS 16, realized and unrealized gains and losses on securities, liabilities and foreign currency transactions, dividends, estimated interest expenses relating to amortization allowances or deductions relating to mortgage debt etc. as well as surcharges and allowances under the Danish Corporate Tax Scheme.

Interest income and expenses are accrued on the basis of the principal and the effective interest rate. The effective interest rate is the discount rate that will be used to discount the expected future payments that are linked to the financial asset or financial liability so that their present value corresponds to the carrying amount of the asset and liability.

Dividends from investments in equity interests are recognized when a final right has been acquired for the dividend. This will typically be stated at the time of the general meeting's approval of the distribution from the company in question. However, in the consolidated financial statements, this does not apply to investments in associates that are measured using the equity method.

Tax

As the Group is mainly operating in Denmark, the Group's current tax of the year consist of estimated tax according to the Danish Tonnage Tax Act for all shipping activities, and according to general tax regulations for net financial income and other activities. Other activities consist of the Group's management activities. Shipping activities are taxed on the basis of the net tonnage (vessels) which the Group has at its disposal.

Based on the Group's planned use of vessels and recovery of reversed depreciation, the tonnage tax regime does not result in a deferred tax liability, but is merely incorporated as a contingent liability.

Balance sheet

Intangible assets

Intangible assets pertain to developed software which is measured at cost less amortization. The cost comprises the cost of acquisition and any expenses directly related to the acquisition until the time when the asset is ready for use. Developed software is amortized straight-line over a period of 3 years (36 month).

Property, plant and equipment, vessels and dry-docking

Property, plant and equipment, vessels, upgrade costs, dockings, lease assets and office and IT equipment, are measured at cost less accumulated depreciation and impairment losses. The cost comprises the cost of acquisition and any expenses directly related to the acquisition until the time when the asset is ready for use, including interest expenses incurred during the period of construction. Other borrowing costs are taken to the income statement. Depreciation is charged over the expected economic lives of the assets, and the depreciation methods, expected lives and residual values are reassessed individually for the assets at the end of each financial year.

Vessels

Vessels are measured at cost less accumulated depreciation and write-downs. All major components of vessels except for dry-docking assets are depreciated on a straight-line basis to the estimated residual value over their estimated useful lives, which the Group estimates to be 25 years. Depreciation is based on cost less the estimated residual value. Residual value is estimated as the light weight tonnage of each vessel multiplied by scrap value per ton. The useful life and residual value of the vessels are reviewed at least at each financial year-end based on market conditions, regulatory requirements and the Group's business plans. Moreover, the Group evaluates the carrying amount of the vessels to determine whether events have occurred that indicate impairment and would require an adjustment of the carrying amounts. Prepayments on vessels under construction are recognized as instalments paid.

Dry-dockings

The fleet of own vessels is required to undergo planned dry dockings for major repairs and maintenance, which cannot be carried out while the vessels are operating. Dry-dockings are generally required every 30-60 months depending on the age of the vessel. Costs relating to dry-dockings are capitalized and depreciated on a straight-line basis over a period of 60 months or to the next dock if within 30 months. The residual value is estimated at zero. A portion of the cost of acquiring a new vessel is allocated to the components which are expected to be replaced or refurbished at the next dry-docking. For new buildings, the initial dry-docking asset is estimated on the basis of the expected costs related to the first-coming docking, which is based on experience with similar vessels. At subsequent dry-dockings, the asset comprises the actual docking costs incurred.

Lease assets (right-of-use assets)

Charter hire arrangements and other lease contracts with a duration of 1 year or more are capitalized and depreciated on a straight-line basis over the lifetimes of the contracts. Lease assets are initially measured based on the net present value of the lease payments, excluding any payments related to non-lease (service) components in the lease contracts. In case the lease arrangements include purchase obligations or purchase options where it is considered that it is reasonably certain that the options will be exercised, then the exercise price as well as the remaining useful life of the leased asset is included in the initially recognized value of the lease asset as well as the depreciation period.

Office and IT equipment

Office and IT equipment is depreciated on a straight-line basis over the estimated useful lives, which does not exceed 5 years.

Impairment tests

The carrying amounts of property, plant and equipment and lease assets with finite useful lives are evaluated at the balance sheet date to determine whether there are indications of impairment. If an indication of impairment is identified, the recoverable amount of the asset is estimated in order to determine the need for recognizing an impairment loss and the extent hereof. If an asset does not generate cash flows that are independent from other assets, the recoverable amount is determined for the smallest cash-generating unit to which the asset belongs. The Group is considered as one cash generating unit. The recoverable amount is defined as the higher of the fair value of the asset or the cash generating unit less costs to sell and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money, the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted.

For vessels, the fair value is usually determined based on the estimated selling price less costs to sell. If the recoverable amount of the asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount.

An impairment loss for cash-generating units is allocated to the assets of the unit, but no asset will be reduced to a lower value than its fair value deducted expected costs to sell. Impairment losses are recognized in the statement of comprehensive income. If an impairment loss subsequently is reversed as a result of changes in the assumptions used to determine the recoverable amount, the carrying amount of the asset or cash-generating unit is increased to the revised recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a jointly controlled entity where the ventures have a contractual arrangement that establishes joint control of the entity and the ventures rights to the net assets of the entity. The agreement requires unanimous consent of the ventures. The results, assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the statement of financial position for the Group at cost and adjusted thereafter to recognize the Group's share of the profit and loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses.

Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or joint venture.

When necessary, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value deducted costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

The entities are all engaged in shipping activities. The profit or loss from these investments is included in "Share of results of associated companies and joint ventures" in the income statement for the Group.

Other financial fixed assets

Deposits are considered a non-current asset, when the lease agreements is interminable within 12 months from the balance sheet date.

Restricted cash is considered a non-current asset when restrictions will be released more than 12 months from the balance sheet date.

Other investments are presented as non-current, unless Management intends to dispose of the investments within 12 months from the balance sheet date.

Inventories

Inventories are measured at cost according to the FIFO method, or net realizable value if lower. Inventories consist of bunkers and lubricants etc. The cost of bunkers and lubricants includes the purchase price and delivery costs.

Receivables

Receivables comprise trade receivables (including accrued income) and other receivables. Receivables are classified as receivables that are financial assets, with fixed or determinable payments, which are not quoted in an active market and which are not derivative financial instruments. Receivables are initially measured at fair value and subsequently at amortized cost, which usually equals the nominal value less provisions for bad debts.

A provisioning account is used to reduce the carrying amount of receivables from sales and services whose value is impaired due to loss risk.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses are estimated using a provision matrix based on historical experiences. The Group has recognized a loss allowance of 50% against all receivables 181-365 days overdue and 100% against all receivables over 365 days overdue.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Assets held for sale

Assets held for sale and related liabilities are presented separately from other assets and liabilities and measured at the lower value of its carrying amount and fair value less cost to sell.

Dividends

Dividend are recognized as a liability at the time of approval by the General Meeting. Dividends proposed by Management in respect of the year are stated under equity.

Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are measured as the best estimate of the expenditure required to settle the obligation at the balance sheet date. Provisions with an expected maturity of more than one year from the balance sheet date are measured at present value.

Non-current and current financial liabilities (interest bearing debt)

Finance loans are initially measured at fair value less any transaction costs. Finance loans are subsequently measured at amortized cost. This means that the difference between the amount on initial recognition and the redemption value is recognized in the income statement as a financial expense over the term of the loan using the effective interest method.

Lease liabilities

Lease liabilities relate to charter hire arrangements and other lease contracts with a duration of 1 year or more. Lease liabilities are initially measured at net present value of the lease payments, excluding any payments related to non-lease (service) components in the lease contracts. Lease liabilities are subsequently measured at amortized cost using the effective interest method.

Other liabilities

Other liabilities comprise trade payables (including accrued costs) and other payables to public authorities, etc. Other liabilities are initially measured at fair value less any transaction costs. Liabilities are subsequently measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement as a financial expense over the term of the liability.

Cash flow statement

The consolidated cash flow statements are presented using the indirect method and show cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are stated as the operating profit or loss, adjusted for non-cash operating items and changes in working capital, less corporation tax paid attributable to operating activities.

Cash flows from investing activities include payments in connection with the acquisition and divestment of enterprises and financial assets and the acquisition, development, improvement and sale, etc. of intangibles and property, plant and equipment.

Cash flows from acquisition and divestment of enterprises are shown separately under cash flows from investing activities. Cash flows from acquired enterprises are recognized in the cash flow statement from the time of their acquisition, and cash flows from divested enterprises are recognized up to the time of sale. Cash flows from financing activities comprise changes in the parent company's share capital and related costs as well as raising and repayment of loans, instalments on interest bearing debt, acquisition of treasury shares and payment of dividend. Cash flows in other currencies than the functional currency are recognized in the cash flow statement using average exchange rates for the respective months, unless these deviate materially from the actual exchange rates ruling at the dates of the transactions. If so, the actual exchange rates are used.

Parent company financial statements

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Parent company income statement

1 January - 31 December

USD '000	Note	2019	2018
Administrative expenses	3	-53	-561
Operating profit before depreciation etc. (EBITDA)		**-53**	**-561**
Gains/losses from sale of fixed assets etc.		44	-
Share of results of subsidiaries		-8,832	-11,011
Share of results of associated companies and joint ventures		-1	-
Operating profit (EBIT)		**-8,842**	**-11,572**
Financial income	4	470	307
Financial expenses	5	-88	-110
Result before tax		**-8,460**	**-11,375**
Tax	6	-32	65
Net result		**-8,492**	**-11,310**
Attributable to:			
Shareholders of MOL Nordic Tankers A/S		-8,492	-11,310
		-8,492	**-11,310**

Parent company balance sheet

at 31 December

USD '000	Note	2019	2018
ASSETS			
Investments in group enterprises	7	7,253	42,583
Investments in associated companies	7	-	-
Investments in joint ventures	7	-	1
Loans to group enterprises		8,870	15,235
Financial assets		**16,123**	**57,819**
Non-current assets		**16,123**	**57,819**
Receivables from group enterprises		-	550
Other receivables		171	207
Cash and cash equivalents		3,199	5,674
Current assets		**3,370**	**6,431**
Assets		**19,493**	**64,250**

Parent company balance sheet

at 31 December

USD '000	Note	2019	2018
EQUITY AND LIABILITIES			
Share capital	8	1,375	1,222
Share premium		90,375	123,072
Retained earnings		-74,274	-65,783
Equity		**17,476**	**58,511**
Loans from related parties		-	-
Non-current liabilities		**-**	**-**
Loans from related parties		2,000	5,600
Trade payables		13	80
Payables to group enterprises		3	-
Other payables		1	59
Current liabilities		**2,017**	**5,739**
Liabilities		**2,017**	**5,739**
Equity and liabilities		**19,493**	**64,250**

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Parent company statement of changes in equity

1 January - 31 December

USD '000	Share capital	Share premium	Retained earnings	Total
2019				
Equity at 1 January 2019	**1,222**	**123,072**	**-65,782**	**58,512**
Comprehensive income for the year				
Net result	-	-	-8,492	-8,492
Total comprehensive income for the year	**-**	**-**	**-8,492**	**-8,492**
Issue of share capital during the year	153	7,648	-	7,801
Capital reductions during the year	-	-40,345	-	-40,345
Total change in equity	**153**	**-32,697**	**-8,492**	**-41,036**
Equity at 31 December 2019	**1,375**	**90,375**	**-74,274**	**17,476**
2018				
Equity at 1 January 2018	**1,089**	**115,634**	**-54,472**	**62,251**
Comprehensive income for the year				
Net result	-	-	-11,310	-11,310
Total comprehensive income for the year	**-**	**-**	**-11,310**	**-11,310**
Issue of share capital during the year	133	7,438	-	7,571
Total change in equity	**133**	**7,438**	**-11,310**	**-3,739**
Equity at 31 December 2018	**1,222**	**123,072**	**-65,782**	**58,512**

Notes to the parent company financial statements

Note 1. Changes to accounting policies and significant accounting policies

The parent company of the Group is MOL Nordic Tankers A/S. MOL Nordic Tankers A/S is a limited liability company with its registered office in Denmark.

The parent company's financial statements are prepared in accordance with the requirements in the Danish Financial Statements Act applying to large enterprises in reporting class C.

The accounting policies remain unchanged from the previous year.

The parent company fundamentally uses the same accounting policies for recognition and measurement as the Group as there is no material differences between IFRS (as used in the Group's financial reporting) and the Danish Financial Statements (as used in the parent company's financial reporting) in areas which are relevant to the parent company. The cases where the parent company's accounting policies differ from the Group are described below. For a detailed description of the Parent Company's accounting policies, see Note 32 to the Consolidated Financial Statements.

Cases where the parent company's accounting policies differ from the Group

Results from investments in subsidiaries

Results from investments in subsidiaries comprises the individual entities' earnings after full elimination of internal gains and losses.

Conversion of foreign currency

Exchange rate adjustments of receivables from or liabilities to subsidiaries, which are considered part of the parent company's investment in the subsidiary, are recognized in the income statement under financial items. In the consolidated financial statements, value adjustments are recognized in other comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are recognized and measured according to the equity method.

In the balance sheet under the items "investments in subsidiaries", the proportional ownership share of the companies' net asset value is recognized.

The total net revaluation of investments is subsidiaries is transferred through the distribution of profits to "Reserve for net revaluation according to equity meth-od" under equity. The reserve is reduced by dividend payments to the parent company and is adjusted with other changes in equity in subsidiaries.

Subsidiaries with negative net asset value are recognized at USD 0, and a provision to cover the negative balance is recognized if such a present obligation for this purpose exists.

Note 2. Significant accounting estimates, assumptions and uncertainties

For a description of significant accounting estimates, assumptions and uncertainties, see note 2 of the consolidated financial statements.

Note 3. Administrative expenses

Average employees	2019	2018
Employees	-	-

Note 4. Financial income

USD '000	2019	2018
Interest income from group enterprises	391	234
Other interest income	78	49
Exchange rate gains	1	14
Other financial income	-	10
Financial income	**470**	**307**

Note 5. Financial expenses

USD '000	2019	2018
Interest expenses to related parties	73	109
Other interest expenses	1	1
Exchange rate losses	15	-
Other financial expenses	-1	-
Financial expenses	**88**	**110**

Note 6. Tax

USD '000	2019	2018
Tax on the results for the year	-	-
Adjustments of tax regarding previous years	32	-65
Tax for the year recognized in the income statement	**32**	**-65**

Note 7. Investments in group enterprises, associated companies and joint ventures

USD '000	Subsidiaries	Associated companies	Joint ventures	Total
2019				
Cost at 1 January 2019	62,514	44	1	62,559
Capital increases for the year	18,848	-	-	18,848
Disposals for the year	-41,815	-44	-1	-41,860
Cost at 31 December 2019	**39,547**	**-**	**-**	**39,547**
Revaluation at 1 January 2019	-19,931	-44	-	-19,975
Share of result for the year	-8,832	-	-1	-8,833
Dividends for the year	-3,531	-	-	-3,531
Disposals for the year	-	44	1	45
Revaluation at 31 December 2019	**-32,294**	**-**	**-**	**-32,294**
Carrying amount at 31 December 2019	**7,253**	**-**	**-**	**7,253**
2018				
Cost at 1 January 2018	62,514	44	36	62,594
Disposals for the year	-	-	-35	-35
Cost at 31 December 2018	**62,514**	**44**	**1**	**62,559**
Revaluation at 1 January 2019	-7,170	-44	-	-7,214
Share of result for the year	-11,011	-	-	-11,011
Repurchase of shares for the year	-1,750	-	-	-1,750
Revaluation at 31 December 2018	**-19,931**	**-44**	**-**	**-19,975**
Carrying amount at 31 December 2018	**42,583**	**-**	**1**	**42,584**

Note 8. Share capital

	2019			2018		
	Number of shares	Nominal value DKK	Share capital DKK	Number of shares	Nominal value DKK	Share capital DKK
Class A shares	8,000,000	1.00	8,000,000	7,000,000	1.00	7,000,000
Share capital 31 December	**8,000,000**	**1.00**	**8,000,000**	**7,000,000**	**1.00**	**7,000,000**

On 25 January 2019, a shareholder loan amounting to USD 5,600,000 was converted to equity. In connection with this,

the share capital was increased by USD 152,186 (DKK 1,000,000) by issuing 1,000,000 new shares with a nominal value of DKK 1.00. The remaining amount of USD 5,447,814 has been recognized as share premium.

Note 9. Unrecognized contingent assets and liabilities

MOL Nordic Tankers A/S is a management company being party to the national Danish joint taxation and VAT scheme. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2013 for income taxes etc. for the jointly taxed companies and from 1 July 2012 for obligations, if any, relating to withholding of tax on interest, royalties and dividend for the jointly taxed companies. As of 31 December 2019, the income taxes payable for the jointly taxed companies was USD 0.

In 2019, the taxable result of MOL Nordic Tankers A/S was USD 0.1 million which was offset in tax losses carried forward from previous years. After this, the accumulated amount of tax losses carried forward is USD 0.9 million. And the tax credit is USD 0.2 million. The Company's activities are subject to the Danish tonnage tax scheme, and consequently, Management finds that it is uncertain whether the Group will be able utilize the credit.

MOL Nordic Tankers A/S has issued guarantees for the obligations of its subsidiaries, mainly relating to financing of vessels and certain time charter and bareboat agreements.

Note 10. Related party disclosure and transactions with related parties

Until 31 January 2019, MOL Nordic Tankers A/S was 100% owned by Nordic Tankers LuxCo. S.C.A. which had a controlling interest in the Company. On 31 January 2019, Nordic Tankers LuxCo. S.C.A. sold its share in the Group to MOL Chemical Tankers Pte. Ltd.

For a list of transactions with related parties refer to note 32 of the consolidated financial statements.

Note 11. Subsequent events

See note 34 of the consolidated financial statements.

Note 12. Accounting policies

See note 35 of the consolidated financial statements.

Statement by the Board of Directors and Executive Management

The Board of Directors and the Executive Management have today considered and approved the annual report of MOL Nordic Tankers A/S for the financial year 1 January - 31 December 2019.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as approved by the EU and additional requirements in the Danish Financial Statements Act. The financial statements of MOL Nordic Tankers A/S are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements give a true and fair view of the financial position of the Group and the Parent Company as at 31 December 2019 and of the results of the Group's and the Parent Company's operations and the Group's consolidated cash flows for the financial year 1 January - 31 December 2019.

In our opinion, the Management's review provides a fair review of the development in the operations and financial circumstances of the Group regarding the results for the year and of the financial position of the Group as well as a description of the most significant risks and elements of uncertainty, which the Group is facing.

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

Hellerup, 23 March 2020

Executive management

Tsuneo Watanabe
Chief executive officer

Annette Bruhn Hasenberg
Executive vice president

Board of Directors

Akio Mitsuta
Chairman

Tsuneo Watanabe
Board member

Annette Bruhn Hasenberg
Board member

Hiroaki Okada
Board member

Hirofumi Nara
Board member

Independent auditor's report

To the shareholders of MOL Nordic Tankers A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of MOL Nordic Tankers A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31-12-2019, and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements under the Danish Financial Statements Act.

Further, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31-12-2019, and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act as well as the preparation of parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 the 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 these consolidated financial statements and these parent financial statements.

As part of an audit conducted in accordance with ISAs and the 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Copenhagen, 23-03-2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Bjarne Iver Jørgensen	Lars Hansen
State-Authorised	State-Authorised
Public Accountant	Public Accountant
MNE no mne35659	MNE no mne24828

Definitions and glossary

Ratios

Key figures and key ratios are defined and calculated in accordance with the Danish Association of Financial Analysts and as described below:

Key ratio	Calculation formula	Comments
TCE margin (%)	$\frac{\text{TCE}}{\text{Revenue}}$	The ratio reflects the percentage of revenue, minus voyage related costs, that covers capacity costs, net financing costs, taxes and profit.
EBITDA margin (%)	$\frac{\text{EBITDA}}{\text{Revenue}}$	The ratio reflects the entity's operational profitability.
EBIT margin (%)	$\frac{\text{EBIT}}{\text{Revenue}}$	The ratio reflect the entity's true business costs
Return on invested capital (%)	$\frac{\text{EBITA}}{\text{Average invested capital}}$	The ratio reflects the entity's ability to generate return on invested capital through operations.
Return on equity (%)	$\frac{\text{Net result}}{\text{Average equity}}$	The ratio reflects the entity's ability to generate return to shareholders when taking into account the entity's capital base.
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$	The ratio reflects the financial gearing of the entity.

Glossary

A **Active Core** Fleet Owned vessels and vessels chartered for more than 13 months (long-term chartered vessels)

Active fleet Owned vessels, vessels chartered for more than 13 months (long-term chartered vessels) and vessels chartered for less than 13 months (short-term chartered vessels).

B **Ballast** Amount of unpaid cargo carried in order to provide sufficient weight to keep a vessel stable.

Ballast leg Voyage with no cargo on board, to position a ship for the next load port or dry-docking.

Ballast tank Tank that can be filled with ballast, to provide stability for the vessel.

Bareboat-charter (BB) An arrangement involving the hiring of a vessel, under which the party that hires the vessel covers crew costs and all other operating expenses, including docking and maintenance, in addition to all voyage-related costs. On its return, the ship shall be in the same condition as when delivered, normal wear and tear expected.

Barging Transfer of cargo to/from a vessel from/to a barge.

Broker An intermediary in the process of negotiating freight contracts between owners and charterers, the sale and purchase of ships and similar transactions.

Bloomberg Provider of financial news and data.

Bunker Engine fuel, to power a vessel.

C **CBM** Cubic meter, volume measurement = 1 meter high x 1 meter wide x 1 meter deep = 1 m^3 = 1.000 liters.

CDP Platform for collecting and presenting companies' environmen-tal data to stakeholders.

Charter party (C/P) Agreement between a ship owner and a charterer, outlining terms and conditions governing the trans-action. The agreement may be for one or several voyages, or for a certain period.

Charterer The party hiring and paying for vessels or vessel space. This may be the cargo owner, an intermediary or the receiver of the cargo.

Chemical tank Transport of Organic products, inorganic products, Vegetable oils and others.

CO_2 Carbon dioxide.

COA (Contract of Affreightment) Agreement to transport cargo for a predetermined period - 3 months, 5 years, 10 years etc. - and at a predetermined price per ton.

Coating Paint protecting the inside of a vessel's tanks. Usually epoxy- or zinc-based paints.

Commercial management Agreement to operate a vessel on the account and risk of the ship-owner.

Coverage Securing employment of a vessel for a longer period of time (see spot market)

CSR (Corporate Social Responsibility) Companies' responsible business practices.

D **Deadweight tonne (DWT)** Measure of the weight-carrying capacity of the vessel.

Deep-sea trade Sea-borne trade along intercontinental trade routes.

Demurrage Compensation paid by the charterer, supplier or receiver of the cargo for time spent during port call in excess of the lay-time stipulated in the Charter Party for loading/discharging operations.

Double Hull Vessels destined with an inner and outer hill, to enhance safety by allowing leakages to be contained in the event of potential groundings or collisions. The space between the inner and outer hull may also be used as ballast tank.

Dry-dock Putting a vessel into dry—dock for inspection and repairs of underwater parts, and painting of the vessel bottom. Usually carried out every 2½th or 5th year.

E **EBIT** Earnings before Interest and Tax.

EBITA Earnings before Interest, Tax and Amortization

EBITDA Earnings before Interest, Tax, Depreciations and Amortization

Eco vessel Vessel with improved fuel efficiency

EEOI (Energy Efficiency Opera-tional Indicator) Calculation and analysis system used when measuring CO2 emissions from the vessels.

F **FFA (Forward Freight Agreement)** Forward agreement to purchase or sell the transport of cargo for a particular type of vessel and route at a predetermined price.

Forward rate Market expectations for future rate levels.

G **Gross fleet** Owned vessels, vessels chartered for more than 13 months (long-term chartered vessels), vessels chartered for less than 13 months (short-term chartered vessels) and vessels for delivery.

Gross gearing The ration of the Group's net commitments to equity before deduction of contractually secured cash flows.

I **IAS** International Accounting Standards.

IEA International Energy Agency.

IFRS International Financial Reporting Standards.

IMF International Monetary Fund.

IMO International Maritime Organization - Shipping organization under the UN.

IMOS Shipping system that supports chartering, operations and accounting related functions for the Group's fleet of chemical tanker vessels.

Inorganic chemicals Chemicals with molecular structure containing no carbon atoms (other than as part of a carbonate group) and which are derived from sources other than hydrocarbons, such as sulphuric acid, phosphoric acid and caustic soda.

INTERTANKO International association of independent tanker owners.

ISMC International Safety Management Code. The first formalized initiative by IMO to provide a universal standard for vessels safety managements systems.

L **LIBOR** London Interbank offered Rate. The average of interest rates estimated by each of the leading banks in London that it would be charged were it to borrow from other banks.

Liner shipping Voyages with fixed routes.

Long-Term charter Agreement to charter a vessel for more than 13 months.

LTIF (Lost time injury frequency) Number of work-related injuries that make employees unable to work the next workday times one million divided by total number of working hours.

LPG Liquefied petroleum gas.

M **MACN** Maritime Anti-Corruption Network.

MARPOL IMO's international regulations for the prevention of pollution by garbage from ships.

M/T Motor tanker.

MT Metric tonne.

NH3 Ammonia

NOX Mono-nitrogen oxides. Nitrogen combined with oxygen to from a variety of compounds.

N **Net Asset Value (NAV)** Booked equity adjusted for the market value of the fleet.

Net gearing The ratio of the Group's net commitments to equity after deduction of contractually secured cash flows.

O **OECD** Organization for Economic Co-operation and Development.

Offhire The time a vessel is prevented from being gainfully employed for its owner or charterer, e.g. time used for repairs.

Onhire The time a vessel is gainfully employed for its owner or charterer, e.g. time used on voyages.

Operating expenses Expenses for crew as well as all other expenses directly connected with the running of the ship, including maintenance and insurance.

Operator activities Combination of cargoes and available vessels in the market.

Operator profit Value added compared to earnings if employed at forward rates at the beginning of the year.

Organic chemicals Chemicals containing carbon-based molecules. Often referred to as petrochemicals when derived from hydrocarbon sources such as oil, gas and coal.

P **Petrochemicals** See organic chemicals.

Pool Group of vessels with different owners but commercially operated together.

Port State Control The countries' technical inspection of foreign vessels calling at their ports.

PPM Parts per million (1 ppm = 0,000001 or 1 mg/kg).

Purchase option A right, but not obligation, to purchase a vessel at an agreed price.

R **RoE** Return on Equity.

RoIC Return on Invested Capital.

S **Segregation** Division of a vessel's cargo space to allow different cargoes being kept completely segregated during the entire voyage, including during loading and unloading.

Short-sea trade Sea-borne trade within a particular trading area (i.e. not intercontinental).

Short-term charter Agreement to charter a vessel for less than 13 months.

SIRE (Ship Inspection Report Programme) The oil companies' inspection of the safety and operational standard of the product tankers.

Solvents Liquids that can dissolve other substances.

SOx The Sulphur oxides SO and SO_2.

Spot Market Day-to-day market for cargo contracts.

Spot rate Cargo freight rate not governed by a contract of Affreightment, usually based on the current market level.

STCW International convention on standards of training, certifications, and watch-keeping of seafarers.

T **Time-charter (T/C)** Lease of a vessel whereby the vessel is hired for a short or long period.

TCE (time-charter earnings) Gross freight revenues minus voyage costs divided by number of trading days usually expressed in USD per day.

Technical management Agreement to manage a vessel's technical operations and crew at the account and risk of the ship-owner.

Tonne Gross registered tonne is a volume of 100 cubic feet (2,83 cubic meters). Gross registered tonnage is the volume of the vessels closed areas, excluding the bridge, the galley and a few other areas. Net registered tonnage is the gross tonnage less volumes needed for the operation of the vessel (deck, storage room, engine room etc.), i.e. the volume available for cargo.

Tonne-mile A measure of demand for capacity. Calculated as the freight amount times the transport distance in nautical miles.

Trade Geographical area where a vessel mainly trades.

Trading days Days a ship is not off-hire.

Transshipment Transfer of cargo from one vessel to another, e.g. from a vessel within global trade to a coaster or barge within regional trade bound for final destination.

Triton Triton Managers III Limited, Triton III Funds, Triton III F&F Limited and Triton III F&F Funds.

U **UN Global Compact** The UN's corporate sustainability initiative.

USDA United States Department of Agriculture

V **Vessel days** Total number of days with available vessel capacity.

Vetting Collective term for the many kinds of inspections of chemical tankers - including SIRE inspections - which the oil companies carry out themselves or demand to have carried out.

Voyage charter Agreement for the transportation of cargo from the port(s) of loading to the port(s) of unloading. Payment is normally per tonne of cargo, and the ship owner pays for bunkers, port and canal charges and other voyage-related costs.

Voyage expenses Expenses dire-ctly relating to the voyage, such as bunkers, port charges, canal dues, etc.

Company information

MOL Nordic Tankers A/S

Tuborg Havnevej 15

2900 Hellerup

Registration no. 34 46 66 96

www.molnordictankers.com

Group structure

Please refer to note 33 in the consolidated financial statement.

Board of Directors and management

BOARD OF DIRECTORS

- Akio Mitsuta - Chairman of the Board
  Board member since January 2019
- Tsuneo Watanabe
  Board member since January 2019
- Hiroaki Okada
  Board member since January 2019
- Hirofumi Nara
  Board member since August 2019
- Annette B. Hasenberg
  Board member since August 2019

KEY MANAGEMENT PERSONEL

- Tsuneo Watanabe – Chief Executive Officer
  Chief Executive Officer since August 2019
- Annette B. Hasenberg – Executive Vice President
  Employed February 2010