

TANKERSKA **NEXT GENERATION**

UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND
QUARTER AND THE FIRST SIX MONTHS OF 2021

2021			
H1		H2	
Q1	Q2	Q3	Q4



Contents

	Comments from the CEO	2
	Market environment	4
	Results for the period	10
	Operational data of the fleet	14
	Financial position summary	17
	Risk management	26
	Unaudited financial statements	29
	Notes to the financial statements	39
	Important terms and concepts	42
	Cautionary note	49
	Contact	50

Results H1 2021

Vessel revenues

USD 18.5m

EBITDA

USD 4.9m

EBIT

USD 0.8m

Net income

USD (0.8m)

TCE NET

12,402 USD/day

OPEX

6,696 USD/day

Here we are, slightly past the mid-year point. In a number of countries, vaccination campaigns are starting to pay off and people are starting to be able to meet in person again. Some governments are relaxing restrictions; making travel possible again.

Uncertainty has remained an overwhelming theme for the tanker industry for the first six months of yet a second calendar year. By and large, the same goes for Tankerska Next Generation. With some clearer additions and subtractions put into the equation but with just about the same ambiguous character we have been confronted with this time last year.

The cascade of (self) isolations worldwide has begun to cause staff shortages in all labor-intensive jobs and other workplaces which may lead to limited overall demand of goods and a very subdued economic recovery. Fortunately, Tankerska Next Generation has only one remaining drydock scheduled for Q3-Q4 in China where this type of work disruption is not foreseen.

Our latest drydocking of the MT Velebit was performed in the Far East through April and May with our superintendents working remotely once again and successfully installing BWTS for the first time into our conventionally designed product tanker. This collective knowledge will most certainly be valuable and apply to her sistership M/T Vinjerac in the coming months when she becomes due for our final drydocking within the TNG fleet.

Broadly speaking, shipping markets are characterized by volatility. Unfortunately, the past six months of 2021 have also displayed permanence and endurance but at the lowest levels seen in the past decade. With this in mind our Q2 figures translate into more than just a positive note but rather a sign of resilience and adaptability.

The pandemic crisis has led to almost half of commercial seafarers either considering leaving the industry or being unsure whether they would stay or go, according to a survey by the International

Transport Workers' Federation (ITF) in March. However, although seafarers can also be associated with the same labor perturbations and smooth crew repatriations still loom as a significant logistics challenge, Tankerska Plovidba, our crew provider, has undertaken certain precautionary measures to avoid this type of distress.

Looking back at the sequence of events associated with the pandemic, it is difficult to disconnect reality at sea and shipping in general, to COVID-19 events based ashore. In other words, it is difficult to see progress in the maritime industry soon, amidst recent atmosphere of optimism and joy seen in England and other parts of the UK which have lifted most restrictions, including an end to social distancing rules. Face coverings will surely remain mandatory during ship visits for quite some time although they are no longer required in places like afore mentioned, where new cases of virus infections have continued to surge. However, with more than half the population in Great Britain fully vaccinated, and far reaching, comprehensive coverage among more vulnerable people, the numbers of deaths and hospitalizations have been a fraction of those in past waves.

Tankerska Next Generation's H1 2021 financial results were mostly an extension of H2 in 2020 and were significantly impacted by:

- **Spot market exposure in depressing market conditions worldwide**
- **Limited time charter opportunities due to an unclear market outlook**
- **Non-revenue days due to dry-docking of MT Pag & MT Velebit**
- **Days spent in substandard commercial service due to crew change complexity**

The highly contagious Delta variant is on the rise, and countries like Indonesia that hoped they had seen the worst of Covid-19 are being battered again. The variant's ferocious transmissibility was on full display in Indonesia, the world's fourth-most-populous country. Fewer than 5 percent of Indonesians have been fully vaccinated.

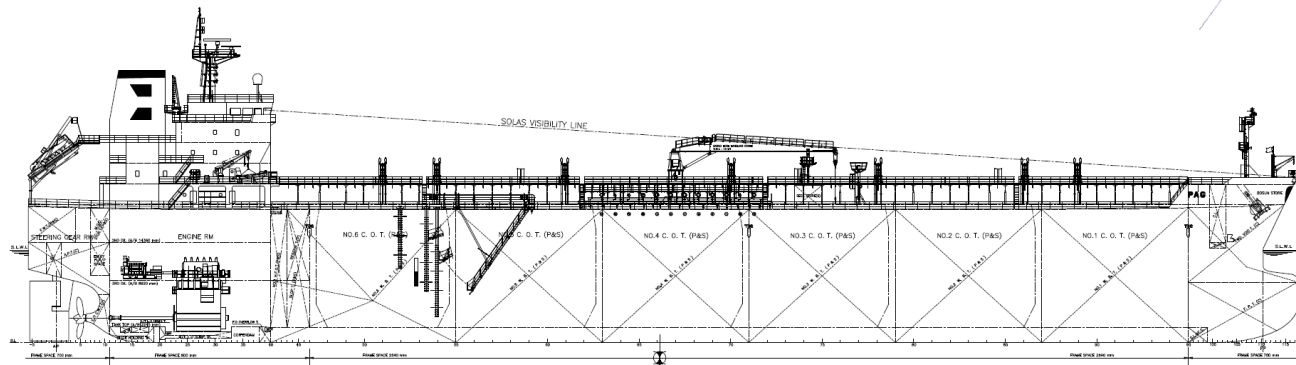
In the US, just a few weeks ago, it seemed plausible that Covid-19 might be in permanent retreat, at least in communities with high vaccination rates. But the Delta variant has changed the situation. The number of cases is rising in all 50 states. The situation in Europe and the west hemisphere is much the same.

In an effort to conclude this commentary on a more positive note, it is noteworthy to remember how short disruptions in the recent past have managed to make swift turnarounds in market fortunes which leads to conclusions how thin the balance in the present markets may be. This became very apparent during the Ever Given event in the Suez Canal and as well as, if not more in the Colonial Pipeline cyberattack, taking down oil pipelines between the Gulf of Mexico up to the US East Coast. This and similar disruptions of refined oil products supplied by pipelines have the potential to change the fate of product tanker markets over just a few days if not hours.

Although not as rapidly as one would have wished, we are nevertheless seeing a gradual return to more "normal" consumption habits. Vaccination against Covid-19 is progressing strongly in the OECD and many parts of the world and, together with layers of incentives and stimulus, should be driving mobility, consumption and industrial production out of a rabbit hole.



John Karavanić, CEO





Market environment

Global market environment

COVID-19 triggered digital and e-commerce

In years to come, we will look back at 2020 as the moment that changed everything. Among other developments, it introduced unprecedented and unforeseen growth in the digital and e-commerce sectors, which have boomed amid the COVID-19 crisis.

Amid slowing economic activity, COVID-19 has led to a surge in e-commerce and accelerated digital transformation.

As lockdowns became the new normal, businesses and consumers were increasingly “pushed” into the digital era, providing and purchasing more goods and services online, raising e-commerce’s share of global retail trade from 14% in 2019 to about 17% in 2020.

If and how this trend will end and how will it impact the maritime industry in the long run remains to be seen. Some believe that today’s containership sector revival and busy containership ports are in fact just a glimpse of what the future might bring.

In this respect, the National Retail Federation (NRF) has recently delivered a letter to the White House asking to meet with President Biden and other top administration officials regarding the challenges retailers are facing from continued supply chain disruptions that are leading to congestion at US ports. Retailers depend on US ports and other transportation infrastructure to deliver billions of dollars’ worth of goods and products to consumers every day.

While the (US) economy is recovering and consumer demand continues to grow, evidenced by imports during the busiest April on record at the largest US retail container ports, the supply chain challenges remain significant. In a recent survey of NRF member companies on the congestion situation, over a remarkable 97 percent of retailers surveyed say they have been impacted by port and shipping delays.

COVID-19 supports subsidy

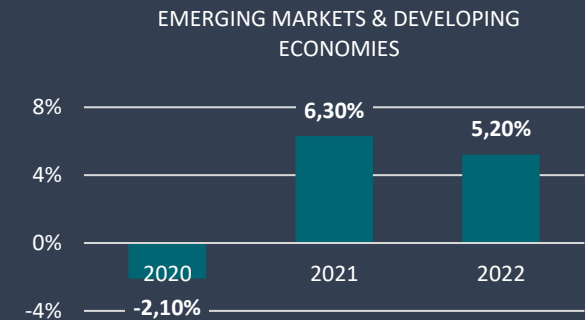
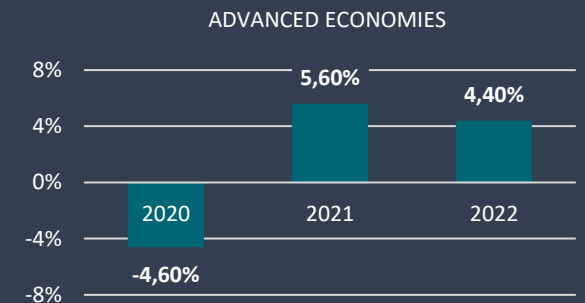
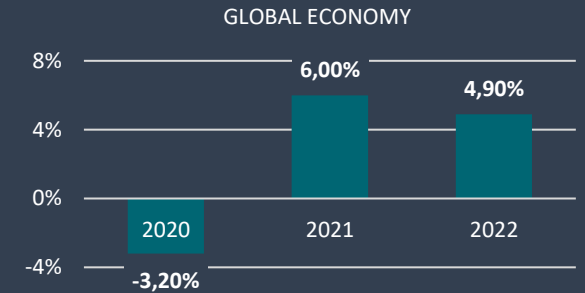
President Joe Biden's goal of passing a \$1.2 trillion infrastructure bill still needs to be approved. On the other hand, pandemic relief programs that financially supported millions of American citizens are in decline.

With legislative packages worth trillions of dollars, the federal government provided a temporary safety net that provided help for people dealing with lockdowns, job losses and worse. But many of the most far-reaching protections, including expanded unemployment benefits, are about to expire. Provisions affecting student loans, food stamps and more are scheduled to follow in the coming months. (NYT)

On the Pacific end of the globe, Indonesia has become the new epicenter of the pandemic, surpassing India and Brazil to become the country with the world’s highest known count of new infections. The surge is part of a wave across Southeast Asia, where vaccination rates are low but countries had until recently contained the virus relatively well. Vietnam, Malaysia, Myanmar and Thailand are also facing their largest outbreaks yet and have imposed new restrictions, including lockdowns and stay-at-home orders.

UNCTAD, July 2021
PortStrategy, July 2021
New York Times, July 2021

WORLD ECONOMIC OUTLOOK JULY 2021



IMF, July 2021

International seafarer's misfortunes

With international seafarers' day marked last month on June 25th, officers and crew have little to celebrate. The Delta variant devastating parts of Asia - home to many of the world's 1.7 million commercial seafarers - has prompted many nations to cut off land access to visiting crews, in some cases even for medical treatment. Just 2.5% of seafarers - one in every 40 - have been vaccinated, the International Chamber of Shipping (ICS) estimates.

Tankers

Strictly commercially speaking, some shipping sectors have benefited presenting outstanding performance results. Tankers across the board are still sitting in the waiting room, remaining desperately focused on future potential rewards.

A vaccine-led recovery is paving the way for the crude and product tanker markets but the underlying fundamentals that determine its speed and magnitude have never been so in limbo.

According to LL intelligence demand for crude and refined products is finally rebounding but is not forecast to return to pre-pandemic levels until the end of 2022 at the earliest.

Tanker earnings have now remained unattractive from this time last year. Rates are unprofitable on most routes for nearly all tanker types, with only modern vessels managing to benefit somewhat more thanks to bunker savings. The global trading fleet of some 2,800-plus crude tankers (panamax-sized and larger) is caught between Opec's battle for profits and the coronavirus outbreaks denting demand across Southeast Asia and Latin America.

Total tanker tonne-mile demand — which measures volumes carried by distance travelled — in the months from January to April is 12.4% lower than the year-ago period. Tonne-miles are also 9.8% down on 2019 levels, Lloyd's List Intelligence data shows.

Liftings from the Middle East Gulf, which accounts for 41% of global tonne-miles, are about 10% to 15% lower than the same four-month period over the past five years, according to data compiled by Lloyd's List.

For the 27 members of the European Union, February imports of gasoil, jet fuel and diesel from outside the bloc were 15% lower than February 2019, at 4.4m tonnes. Despite improved fundamentals, diesel demand in particular has yet to fully recover, affecting

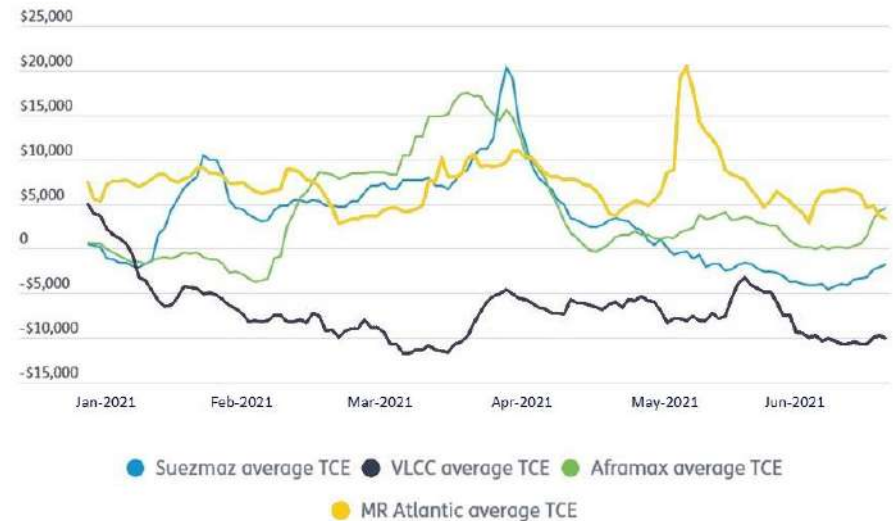
shipments from the east-of-Suez suppliers.

Instead, Russian imports to the EU27 now dominate, Eurostat figures show. This market is mostly served by handysize tankers shipping from the Baltic Sea ports, which adds the least to tonne-mile demand.

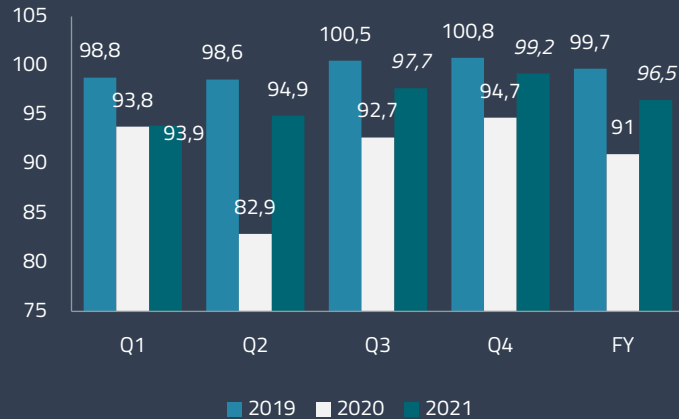
In the US, the Energy Information Administration estimates summer gasoline demand at 9.1m bpd, 400,000 bpd below 2019 levels.

One of the few positives is negative net fleet growth. Shipping analysts MSI forecast the suezmax fleet to contract by 1.6%, and VLCCs and aframax tankers by 1% this year. Other vessel types also dominate newbuilding slots, which has trimmed the orderbook size and stalled future fleet growth, adding to positive sentiment for 2023 onwards for those able to see beyond the immediate headwinds. That leaves the potential removal of US sanctions on Iranian crude as one of the most influential variable facing tanker rates for the remainder of 2021.

Average time charter equivalent rates (USD/day)



Global oil demand (million barrels per day)



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



IEA (International Energy Agency), July 2021
EIA (US Energy Information Administration), July 2021

OPEC+ Agrees To Oil Supply Boost

OPEC+ ministers agreed mid July to boost oil supply from August to cool prices which have climbed to two to one, to 2-year highs as the global economy recovers from the coronavirus pandemic.

The group, which includes OPEC countries and allies like Russia, crucially agreed new production allocations from May 2022 after Saudi Arabia and others agreed to a request from the United Arab Emirates (UAE) that had threatened the plan.

OPEC+ last year cut production by a record 10 million barrels per day (bpd) amid a pandemic-induced slump in demand and collapsing prices. It has gradually reinstated some supply to leave it with a reduction of about 5.8 million bpd. From August until December 2021 the group will increase supply by a further 2 million bpd or 0.4 million bpd a month, OPEC said in a statement. It aims to fully phase out cuts by around September 2022.

Tankers can expect little more excitement with OPEC+ agreement finally in hand according to industry analysts. The OPEC+ alliance, particularly Saudi Arabia and the UAE, reached an agreement to boost output monthly by 400,000 bpd starting in August and continuing monthly until the remaining 5.8 mb/d of last year's cuts are returned to market. The group plans to re-assess its production plans in December and will continue to meet on an ongoing basis with the next meeting scheduled in early September. In addition,

baseline production, for which the current cuts are derived, will be reset higher in April 2022 by 1.6 mb/d.

Scrap prices above the \$600 mark show some signs of decline

Prices have doubled over the last year, but many in the industry are now starting to fear that the markets may have peaked already and are now adjusting their levels in anticipation of some kind of an adjustment in the immediate future. However, the market still has a long way to go to reach the 2008 record of \$800 per ldt.

Scrap prices over the past 15 years

Average scrap prices, US\$ per ldt



Allied MR Tanker review, July 2021
Reuters, July 2021
Trade Winds, July 2021

Jet fuel demand struggles well below pre-pandemic levels

Jet fuel is the oil product that has been hit the hardest. As the Covid-19 virus spread globally in early 2020, widespread lockdowns shut down national and international flights. In their latest Medium Term Oil Market Report, the IEA expects that “jet fuel consumption will only return to 2019 levels by 2024 as travel restrictions, changing travel habits, and the relatively slow progress of vaccinations in low-income economies cap its recovery.”

The IEA goes on to say that “the proliferation of online meetings and conferences, along with cost cuttings by companies, are likely to permanently dent business travel.” Average jet fuel consumption was 7.9 Mb/d in 2019, representing about 8% of global oil demand. In 2020, consumption fell more than 40% to average 4.7 Mb/d. Its share of global oil demand fell to a little over 5%. While demand is expected to grow 17% to 5.5 Mb/d in 2021, it remains well below pre-pandemic levels. Jet fuel is a widely traded commodity and the fall in demand relates to product tanker demand.

There are big discrepancies in how jet fuel demand developed between OECD versus Non-OECD countries as well as between different regions in the world. China, for example, one of largest and fastest growing markets for jet fuel in the world has fully recovered from the decline in demand during the pandemic. In 2019, China’s jet fuel demand stood at 831 Kb/d. This fell to 712 Kb/d in 2020 (-14%), but the IEA expects 2021 demand to increase to 894 Kb/d, an increase of 25.6% and above the pre-pandemic levels of 2019.

India’s jet fuel demand, on the other hand, is expected to remain in the doldrums. Demand went down by 45%, from 235 Kb/d in 2019 to 130 Kb/d in 2020 and is expected to show only a relatively small (in terms of volume) recovery to 154 Kb/d in 2021. More robust growth is expected in 2022.

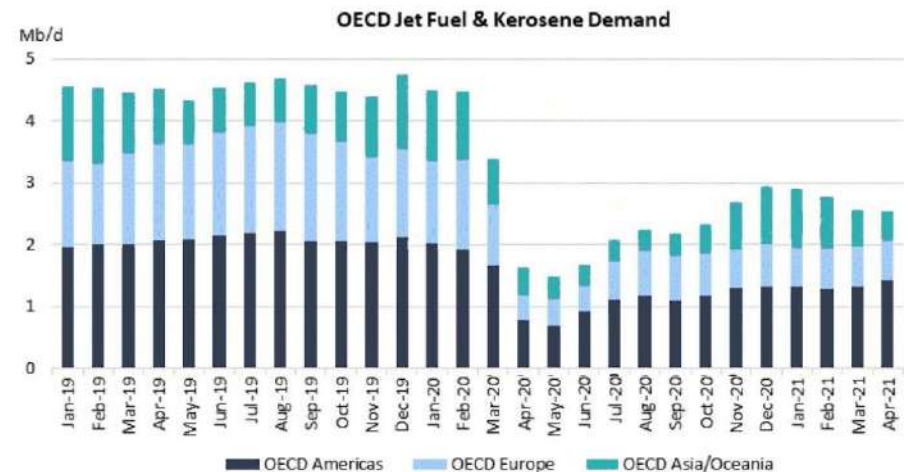
The situation in OECD countries is quite different, especially in North America and Europe. In the U.S., air travel is recovering relatively fast, although U.S. flight departures in June remained 18% below 2019 levels (domestic flights: -13%, international flights: -45%). Jet fuel demand in the U.S. was 440 Kb/d in June, 24% below the same month in 2019.

The outlook for the summer appears promising travel demand supported by a reopened economy, large accumulated savings and the reach of fiscal stimulus.

The situation in OECD Europe is broadly similar, although several countries have reintroduced restrictions due to rising infections. We have to monitor the situation to see if this will reduce European jet fuel demand again in the coming months. Many of the OECD countries in Asia (Japan, South Korea and Australia) are experiencing more Covid-19 infections and jet fuel demand is declining. Asian countries lag Europe and the U.S. in vaccination rates and are forced to continue strict lockdowns. The recovery in jet fuel demand in OECD Asia will therefore likely lag other OECD regions and China.

The implications for shipping are fairly straightforward. Less demand typically means less movement. Within the OECD countries, approximately 20% of jet fuel is imported. OECD Americas sources most of its imported jet fuel from OECD Asia (mostly South Korea). Total imports declined from 175 Kb/d in 2019 to 158 Kb/d in 2020 and 108 Kb/d in Q1 2021. The Middle East is by far the largest supplier to OECD Europe. Jet fuel imports into Europe declined from 523 Kb/d in 2019 to 337 Kb/d in 2020 and 278 Kb/d in Q1 2021.

More vaccinations globally are required for international travel to recover. Even then, jet fuel demand may not return to pre-pandemic levels as global lockdowns demonstrated that online video calls can be quite effective and a much cheaper alternative to travel.



MR product tanker fleet

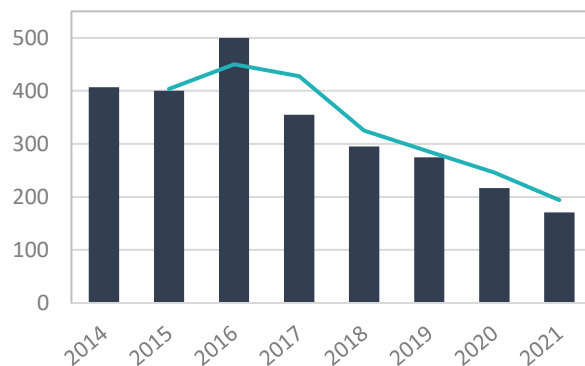
The product tanker fleet grew by 3,3% in 2020 which shows slowing down from last years growth which amounted to 3,6%. About 4.7 million DWT in the MR segment was delivered in 2020, which is 12% less than in 2019 (5.3 million DWT) which presents a potential long-term positive impact on the product tanker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

During 2020, a total of 19 MR tankers were sent to scrap which amounts to 0,73% of the fleet in comparison to 27 tankers (1,10% of the fleet) in 2019 and 50 tankers (2,06% of the fleet) in 2018. During 2021 a total of 27 tankers were sent to scrap up to date (1,0% of the fleet).

There have been 48 newbuilding deliveries up to 30th June 2021, with 67 vessels scheduled to be delivered by the end of the year.

MR orderbook at the year beginning

(number of vessels)



MR product tankers

QUICK OVERVIEW

(MR 25-59.999 DWT)

Key fleet figures

as at 01st July 2021

In Service: **2,642** vessels
total dwt capacity: 116,156,056 dwt
year to date growth 0.80%

Over 20yrs: **261** vessels
total dwt capacity: 10,433,868 dwt
as percentage of fleet: 9.88 %

On order: **182** vessels
total dwt capacity: 8,338,967 dwt
as percentage of fleet: 6.89 %

Remaining deliveries for 2021

as at 01st July 2021

Scheduled: **67** vessels
total dwt capacity: 2,997,199 dwt
as percentage of fleet: 2.54 %

Changes in 2021

as at 01st July 2021

Deliveries: **48** vessels
total dwt capacity: 2,252,662 dwt
as percentage of fleet: 0.99 %
of which in June '21: 7 vessels

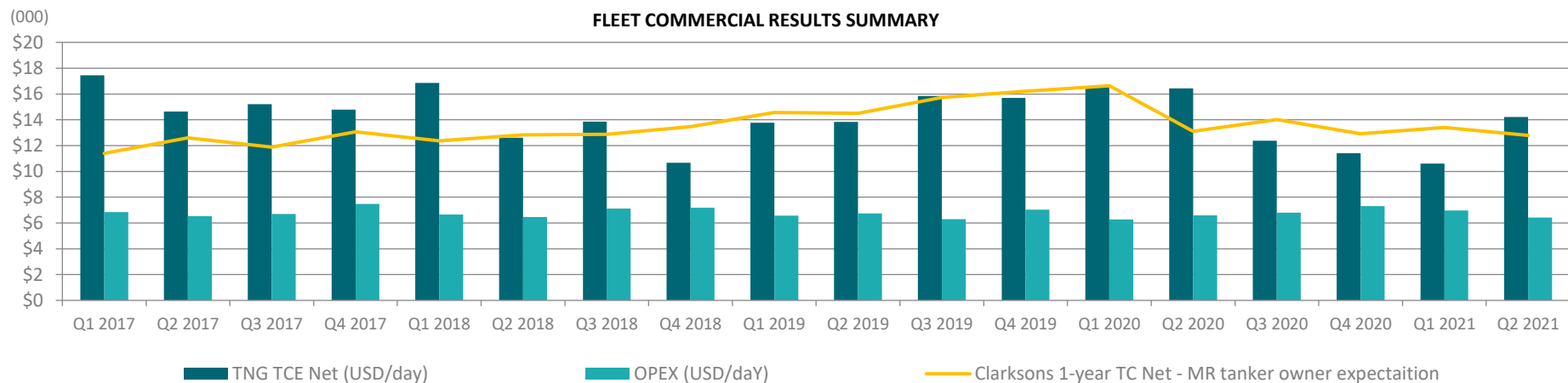
New orders: **55** vessels
total dwt capacity: 2,616,354 dwt
as percentage of fleet: 2.10 %
of which in June '21: 11 vessels

Scrapped: **27** vessels
total dwt capacity: 1,142,214 dwt
as percentage of fleet: 1.03 %
of which in June '21: 7 vessels

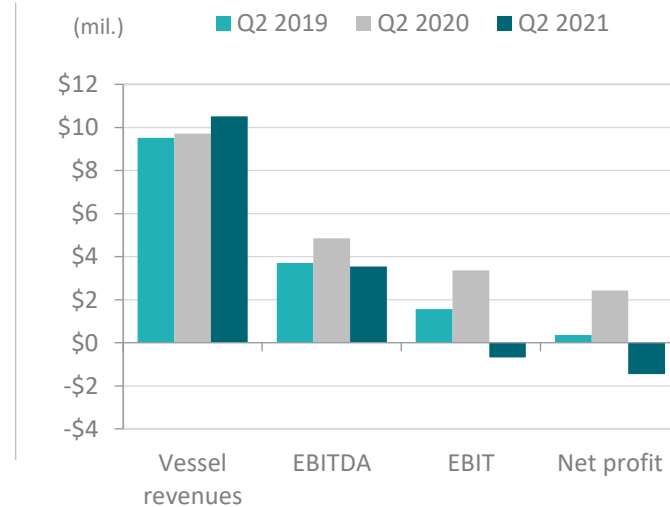
Allied, July 2021



Results for the period



SELECTED FINANCIALS	HRK 000				USD 000			
	Q4 2020	Q1 2021	Q2 2021	H1 2021	Q4 2020	Q1 2021	Q2 2021	H1 2021
Vessel revenues	51,244	50,020	65,824	115,844	8,050	8,018	10,518	18,536
EBITDA	11,212	8,165	22,238	30,403	1,766	1,348	3,544	4,892
EBIT	(57,748)	(4,600)	9,435	4,835	(9,405)	(674)	1,489	815
Net profit	(62,509)	(9,463)	4,436	(5,027)	(10,167)	(1,446)	695	(751)



Vessel revenues for the first six months of 2021 amounted to HRK 115.8 million (USD 18.5m), which represents a decrease from the level achieved in the same period of last year when the vessel revenues amounted to HRK 137.1m (USD 19.9m).

Commissions and voyage associated costs amounted to HRK 36.5m (USD 5.8m) in the first six months of 2021, while in the same period of 2020 they added up to HRK 13.7m (USD 2.0m) which was significantly lower. This ascend in expenses can be attributed to higher exposure to the spot market during the first six months of 2021 compared to the same period last year when most of the vessels were employed on time charter.

Higher exposure to spot market results in achieving a nominally higher revenue, but at the same time has increased voyage-related costs since due to the fact that the ship owner covers the voyage related expenses while operating on spot market.

Operating expenditures of the fleet amounted to HRK 45.2m (USD 7.2m), while general and administrative expenses were recorded at HRK 3.2m (USD 0.5m)

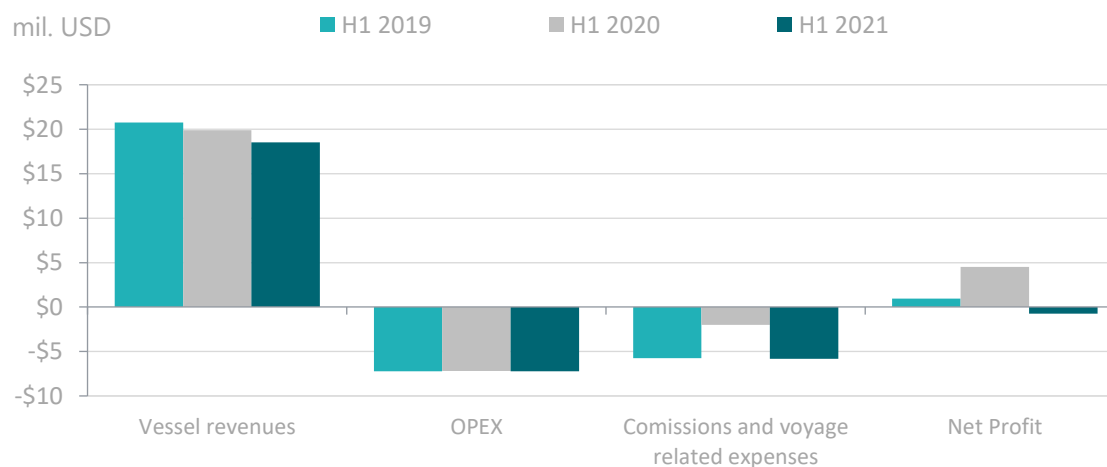
Profit before interest, taxes, depreciation and amortization (EBITDA) in the first six months of 2021 amounts to HRK 22.2m (USD 3.5m) and was significantly reduced compared to the same period last year when it amounted to HRK 34.4m (USD 4.8m).

Depreciation costs in the first half of 2021 amounted to HRK 25.6m (USD 4.1m). All the vessels in operation are depreciated over an estimated useful life span of 25 years on a linear basis to their residual value, which represents their scrap value on the international market.

Net interest expenses amounted to HRK 9.9 mil. (USD 1.6m) and decreased compared to the first six months of 2020 when they amounted to HRK 11.7m (USD 1.7m) due to the favourable impact of the reduction of the respective LIBOR rate.

Operating profit (EBIT) for the first six months of 2021 amounted to HRK 4.8m (USD 0.8m), while the net loss of the Company in the first six months of 2021 amounts to HRK 5.0m (USD 0.8m).

The average daily TCE of the fleet during the first half of 2021 was recorded at USD 12.402.



In the second quarter of 2021, vessels' revenues reached HRK 65.8 million (USD 10.5m), which is a similar level compared to revenues generated in the same period of 2020 when they amounted HRK 67.9m (USD 9.7m).

Commissions and voyage associated costs amounted to HRK 20.3m (USD 3.3m) in the second quarter of 2021, while in the same period of 2020 they added up to HRK 5.9m (USD 0.8m) which is significantly less. This ascend in expenses can be attributed to higher exposure to the spot market during the first quarter of 2021 compared to the same period last year, when most of the fleet was employed on time charter.

Operating expenses of the fleet in the second quarter of 2021 amounted to HRK 21.8m (USD 3.5m), while administrative expenses amounted to HRK 1.3m (USD 0.2m).

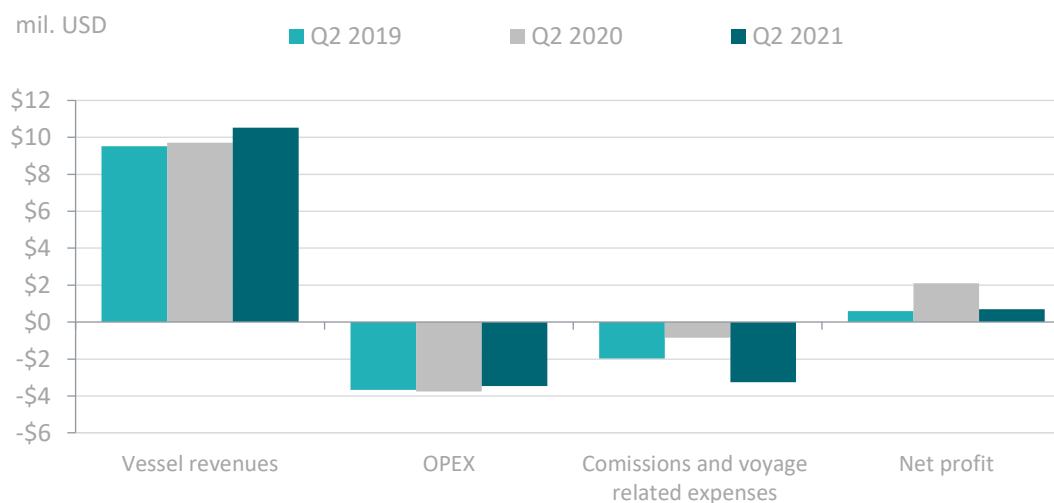
Profit before interest, taxes, depreciation and amortization (EBITDA) in the second quarter of 2021 amounts to HRK 22.2m (USD 3.5m) and was significantly reduced compared to the same period last year when it amounted to HRK 34.4m (USD 4.8m).

All vessels are depreciated over an estimated useful life span of 25 years on a linear basis to their residual value, which represents their scrap value on the international market.

Depreciation costs in the second quarter of 2021 amounted to HRK 12.8m (USD 2.1m) and are in accordance to the depreciation plan.

Operating profit (EBIT) for the second quarter of 2021 amounted to HRK 9.4m (USD 1.4m), while the net profit of the Company in the first six months of 2021 amounts to HRK 4.4m (USD 0.7m).

The average daily TCE of the fleet during the second quarter of 2021 was recorded at USD 14.219.





Operational data of the fleet

TNG's CURRENT FLEET

Currently TNG's fleet consists of six MR tankers (Velebit, Vinjerac, Vukovar, Zoilo, Dalmacija and Pag). The Group owns an operating fleet which consists of two conventional ice class tankers and four eco-design modern product tankers with a total capacity of around 300,000 dwt. As of June 30, 2021, the average age of the vessels in TNG's fleet was 7.2 years.

During 2020, three Eco tankers from TNG's fleet underwent their regular five year drydocking, m/t Pag started its drydock in December 2020 and concluded it in January 2021, while m/t Velebit finished its drydock in Q2 2021.

CURRENT CHARTERING STRATEGY

Vinjerac

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

Velebit

Towards the end of 2020 the vessel was employed on a short-term time charter contract with Bryggen Shipping International AS („Bryggen”) with a hire rate of 16.000 USD per day, after which the vessel has been transferred to spot market and strategically repositioned to Far East which enabled cost-effective contracting of the regular five-year drydock performed in early Q2/2021, after which the vessel is employed on a short-term time charter contract with Trafigura Maritime Logistics („Trafigura”).

Vessel	Year built	Type	Employment	Hire rate (USD/day)
Velebit	2011	ICE class MR product	Drydock, Trafigura	11.600 (until Aug 2021)
Vinjerac	2011	ICE class MR product	Clearlake	15.250 (until May 2022)
Vukovar	2015	Eco MR product	EXXON	17.050 (until Aug 2023)
Zoilo	2015	Eco MR product	CSSA, SPOT market	13.825 (until mid. May 2021), SPOT afterwards
Dalmacija	2015	Eco MR product	SPOT market	SPOT (from Jul 2020)
Pag	2015	Eco MR product	SPOT market	SPOT (from Jul 2020)

Vukovar

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

Pag

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

Zoilo

Following the completion of a regular five-year drydock carried out in Q3/2020 for m/t Zoilo, a time charter contract was concluded in mid-November 2020 with the Charterer CSSA Chartering Shipping Services SA („CSSA”) with a maximum duration of up to 12 months in Charterer's option with escalating hire rates. After the expiry of the afore mentioned contract in mid May 2021, the vessel was transferred to the spot market.

Dalmacija

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

OPERATIONAL DATA OF THE FLEET	Q1 2020.	Q2 2020.	H1 2020.	FY 2020.	Q1 2021.	Q2 2021.	H1 2021.
Time Charter Equivalent rates (USD/day)	16,580	16,274	16,427	14,250	10,600	14,219	12,402
Daily vessel operating expenses (USD/day)	6,264	6,896	6,580	6,823	6,967	6,426	6,696
Operating days	546	546	1,092	2,196	540	540	1,080
Revenue days	545	545	1,089	2,079	514	510	1,025
Fleet utilization (%)	99.7%	99.7%	99.7%	94.7%	95.3%	94.5%	94.9%

Tankerska Next Generation takes on the conservative approach of fixing its employment charters for its fleet, which was confirmed in the escalating market conditions when key time charters were concluded. At the time, the concluded time charter contracts enabled TNG to achieve results above the market average. In Q2/2021 tankers were employed on time charter contracts for 248 days out of 510 revenue days, which equates to 48,6% of revenue days.

The average TCE net daily rate for Q2/2021 equates to USD 14,219, while the average daily vessel operating

expenses (OPEX) in the same period amounted to USD 6,426 per vessel.

During Q1, a total of 29.8 days without income were recorded, all accounted to m/t Velebit's regular five-year drydock.

The Ballast Water Convention of the International Maritime Organization entered into force on September 8, 2017. The approved ballast water treatment system will have to be installed by the time it is necessary to renew the International Oil Pollution Prevention (IOPP) certificate, which for TNG means that the systems are installed on vessels following a five-year

drydock cycle that started in mid 2020.

During 2020 and 2021, the BWTS was installed in three out of four tankers that had their regular five-year drydocks (m/t Zoilo, m/t Vukovar, m/t Velebit; while m/t Dalmacija had the BWTS installed already as a newbuilding).

M/t Velebit concluded its regular five year drydock during May 2021 which included the installation of the ballast water treatment system. Therefore, the installation of the system remains for m/t Vinjerac whose regular five-year drydocks is scheduled during the second half of 2021.

Based on the dockings done so far, we can conclude that the actual costs are in line with the plan. In other words, the average cost of delivery and installation of BWTS and the cost of docking amounted about USD 1.8 million per vessel, keeping in mind that the Eco tanker m/t Dalmacija was delivered from the shipyard as a newbuilding with an already implemented ballast water treatment system, therefore its cost of drydocking amounted to USD 0.77 million.



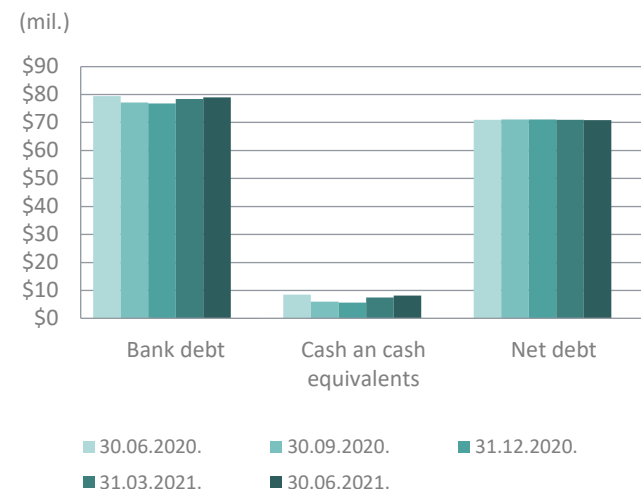
Financial position summary

Tankerska Next Generation concluded the first six months of 2021 with the gearing ratio of 43%. The debt trend is in accordance with the loan repayment plans of TNG and regular decrease in indebtedness, while a further decrease in the company's debt is expected in the future.

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

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

During the second quarter, the Company fully used a loan of a related company in the amount of USD 3.0 million for the purpose of financing working capital.



FINANCIAL POSITION SUMMARY	HRK 000					USD 000				
	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021	30 Jun 2020	30 Sep 2020	31 Dec 2020	31 Mar 2021	30 Jun 2021
Bank debt	533,142	497,769	471,431	505,524	496,986	79,483	77,137	76,792	78,392	79,007
Cash and cash equivalents	57,073	38,868	34,804	47,900	51,244	8,509	6,023	5,669	7,428	8,146
Net debt	476,069	458,901	436,627	457,624	445,742	70,974	71,114	71,123	70,964	70,861
Capital and reserves	700,852	672,562	578,496	598,268	588,055	104,487	104,225	94,233	92,773	93,485
Gearing ratio Net debt / (Capital and reserves + Net debt)	40%	41%	43%	43%	43%	40%	41%	43%	43%	43%

Income statement and statement of other comprehensive income

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021



INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME FOR PERIOD FROM JANUARY 1st to JUNE 30th, 2021 Unaudited	HRK 000				USD 000			
	Q2 2020	Q2 2021	H1 2020	H1 2021	Q2 2020	Q2 2021	H1 2020	H1 2021
Vessel revenues	67,869	65,824	137,129	115,844	9,711	10,518	19,882	18,536
Other revenues	-	166	-	337	-	26	-	54
Sales revenues	67,869	65,990	137,129	116,181	9,711	10,544	19,882	18,590
Commission and voyage related costs	(5,912)	(20,304)	(13,749)	(36,531)	(848)	(3,263)	(1,991)	(5,828)
Vessel operating expenses	(25,840)	(21,752)	(48,889)	(45,237)	(3,765)	(3,470)	(7,185)	(7,232)
General and administrative	(1,458)	(1,346)	(3,157)	(3,230)	(212)	(213)	(463)	(515)
Other expenses	(251)	(350)	(345)	(780)	(38)	(54)	(52)	(123)
Total operating expenses	(33,461)	(43,752)	(66,140)	(85,778)	(4,863)	(7,000)	(9,691)	(13,698)
EBITDA	34,408	22,238	70,989	30,403	4,848	3,544	10,191	4,892
Depreciation and amortization	(13,445)	(12,803)	(26,832)	(25,568)	(1,969)	(2,055)	(3,939)	(4,077)
Impairment	-	-	-	-	-	-	-	-
Operating profit (EBIT)	20,963	9,435	44,157	4,835	2,879	1,489	6,252	815
Net interest expenses	(5,451)	(4,919)	(11,712)	(9,880)	(792)	(779)	(1,724)	(1,565)
Net foreign exchange gains (losses)	77	(80)	9	18	13	(15)	1	(1)
Net income	15,589	4,436	32,454	(5,027)	2,100	695	4,529	(751)
Other comprehensive income	(18,752)	(14,619)	3,719	14,648	3	22	3	13
Total comprehensive income	(3,163)	(10,183)	36,173	9,621	2,103	717	4,532	(738)
Weighted average number of shares outstanding, basic & diluted (thou,)	8,707	8,707	8,712	8,706	8,707	8,707	8,712	8,706
Net income (loss) per share, basic & diluted	1,79	0,51	3,73	(0,58)	0,24	0,08	0,52	(0,09)

Balance sheet

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021



BALANCE SHEET AT THE DATE OF JUNE 30th, 2021 unaudited	HRK 000				USD 000			
	31 Mar 2020	30 Jun 2020	31 Mar 2021	30 Jun 2021	31 Mar 2020	30 Jun 2020	31 Mar 2021	30 Jun 2021
Non-current Assets	1,197,570	1,159,208	1,047,893	1,020,324	174,160	172,820	162,496	162,203
Vessels	1,188,132	1,145,787	1,042,210	1,009,856	172,788	170,819	161,615	160,539
Tangible assets in preparation	9,319	13,295	5,209	10,020	1,355	1,982	808	1,593
Other Non-current Assets	119	126	474	448	17	19	73	71
Current Assets	102,217	102,502	81,118	99,337	14,866	15,281	12,579	15,792
Inventory	5,173	7,748	12,692	10,148	752	1,155	1,969	1,613
Accounts receivable	24,189	32,319	14,609	30,968	3,518	4,818	2,265	4,923
Cash and cash equivalents	51,179	57,073	47,900	51,244	7,443	8,509	7,428	8,146
Other current assets	21,676	5,362	5,917	6,977	3,153	799	917	1,110
Total Assets	1,299,787	1,261,710	1,129,011	1,119,661	189,026	188,101	175,075	177,995
Shareholders Equity	704,015	700,852	598,268	588,055	102,384	104,487	92,773	93,485
Share capital	436,667	436,667	436,667	436,667	67,500	67,500	67,500	67,500
Reserves	160,841	142,089	114,330	99,713	18,658	18,661	19,015	19,037
Retained earnings	106,507	122,096	47,271	51,675	16,226	18,326	6,258	6,948
Non-Current Liabilities	514,289	501,678	459,392	466,986	74,792	74,792	71,238	74,238
Interest-bearing loans	514,289	501,678	459,392	466,986	74,792	74,792	71,238	74,238
Current Liabilities	81,483	59,180	71,351	64,620	11,850	8,822	11,064	10,272
Interest-bearing loans	48,383	31,464	46,132	30,000	7,036	4,691	7,154	4,769
Accounts payable	3,855	5,094	10,616	18,456	561	759	1,646	2,934
Other current liabilities	29,245	22,622	14,603	16,164	4,253	3,372	2,264	2,569
Total liabilities and shareholders equity	1,299,787	1,261,710	1,129,011	1,119,661	189,026	188,101	175,075	177,995

Cash flow statement

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021



CASH FLOW STATEMENT FOR H1 2021 unaudited	HRK 000				USD 000			
	Q1-Q3 2020	FY 2020	Q1 2021	H1 2021	Q1-Q3 2020	FY 2020	Q1 2021	H1 2021
Profit before tax	30,825	(31,684)	(9,463)	(5,027)	4,260	(5,907)	(1,446)	(751)
Amortisation	39,508	52,792	12,765	25,568	5,925	8,027	2,022	4,077
Changes in working capital	(23,254)	(20,075)	5,016	(1,583)	(3,601)	(3,220)	897	(397)
Other	(5,271)	50,043	3,252	1,858	(186)	9,146	32	46
Cash flow from operating activities	41,808	51,076	11,570	20,816	6,398	8,046	1,505	2,975
Cash inflows from investing activities	-	-	-	-	-	-	-	-
Cash outflows from investing activities	(22,555)	(33,115)	(8,386)	(18,081)	(3,439)	(5,092)	(1,341)	(2,702)
Cash flow from investing activities	(22,555)	(33,115)	(8,386)	(18,081)	(3,439)	(5,092)	(1,341)	(2,702)
Cash inflows from financing activities	-	12,319	493,659	512,381	-	2,000	78,392	81,392
Cash outflows from financing activities	(48,097)	(63,189)	(483,747)	(498,677)	(7,118)	(9,468)	(76,797)	(79,187)
Cash flow from financing activities	(48,097)	(50,870)	9,912	13,704	(7,118)	(7,468)	1,595	2,205
Net changes in cash	(28,844)	(32,908)	13,096	16,440	(4,159)	(4,513)	1,759	2,477
Cash and cash equivalents (beg, of period)	67,712	67,712	34,804	34,804	10,182	10,182	5,669	5,669
Cash and cash equivalents (end of period)	38,868	34,804	47,900	51,244	6,023	5,669	7,428	8,146

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021

STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehensive income	Foreign exchange translation reserves	Total
For the period from 1 Jul to 30 Sep 2020	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 July 2020	436,667	122,096	127,377	14,712	700,852
Net profit for the period	-	(1,629)	-	-	(1,629)
Change in capital	-	-	-	-	-
Change in other reserves	-	(1,167)	1,167	-	-
Changes in other comprehensive income	-	-	-	(26,661)	(26,661)
Balance at 30 September 2020	436,667	119,300	128,554	(11,949)	672,562
For the period from 1 Oct to 31 Dec 2020	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 October 2020	436,667	119,300	128,554	(11,949)	672,562
Net profit for the period	-	(62,509)	-	-	(62,509)
Change in capital	-	-	-	-	-
Change in other reserves	-	(27)	-	-	(27)
Changes in other comprehensive income	-	-	-	(31,531)	(31,531)
Balance at 31 December 2020	436,667	56,764	128,544	(43,479)	578,496
For the period from 1 Jan to 31 Mar 2021	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 Jan 2021	436,667	56,764	128,544	(43,479)	578,496
Net profit for the period	-	(9,463)	-	-	(9,463)
Change in capital	-	-	-	-	-
Change in other reserves	-	(32)	-	-	(32)
Changes in other comprehensive income	-	-	-	29,627	29,627
Balance at 31 March 2021	436,667	56,764	128,544	(14,212)	598,268
For the period from 1 Apr to 30 Jun 2021	HRK 000	HRK 000	HRK 000	HRK 000	HRK 000
Balance at 1 Apr 2021	436,667	56,764	128,544	(14,212)	598,268
Net profit for the period	-	4,436	-	-	4,436
Change in capital	-	-	-	-	-
Change in other reserves	-	(30)	-	-	(30)
Changes in other comprehensive income	-	-	-	(14,619)	(14,619)
Balance at 30 Jun 2021	436,667	51,675	128,544	(28,831)	588,055

STATEMENT OF CHANGES IN EQUITY unaudited	Share capital	Retained Earnings	Other reserves and comprehensive income	Foreign exchange translation reserves	Total
For the period from 1 Jul to 30 Sep 2020	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 July 2020	67,500	18,327	19,689	(1,029)	104,487
Net profit for the period	-	(269)	-	-	(269)
Change in capital	-	-	-	-	-
Change in other reserves	-	(178)	178	-	-
Changes in other comprehensive income	-	-	-	7	7
Balance at 30 September 2020	67,500	17,880	19,867	(1,022)	104,225
For the period from 1 Oct to 31 Dec 2020	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 October 2020	67,500	17,880	19,867	(1,022)	104,225
Net profit for the period	-	(10,167)	-	-	(10,167)
Change in capital	-	-	-	-	-
Change in other reserves	-	-	-	-	-
Changes in other comprehensive income	-	(4)	-	179	175
Balance at 31 December 2020	67,500	7,709	19,867	(843)	94,233
For the period from 1 Jan to 31 Mar 2021	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 Jan 2021	67,500	7,709	19,867	(843)	94,233
Net profit for the period	-	(1,446)	-	-	(1,446)
Change in capital	-	-	-	-	-
Change in other reserves	-	(5)	-	-	(5)
Changes in other comprehensive income	-	-	-	(9)	(9)
Balance at 31 March 2021	67,500	6,258	19,867	(852)	92,773
For the period from 1 Apr to 30 Jun 2021	USD 000	USD 000	USD 000	USD 000	USD 000
Balance at 1 Apr 2021	67,500	6,258	19,867	(852)	92,773
Net profit for the period	-	695	-	-	695
Change in capital	-	-	-	-	-
Change in other reserves	-	(5)	-	-	(5)
Changes in other comprehensive income	-	-	-	22	22
Balance at 30 Jun 2021	67,500	6,948	19,867	(830)	93,485

NET ASSET VALUE CALCULATION

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021



NET ASSET VALUE CALCULATION ESTIMATE	At the date 30 Jun 2020 (000 USD)	At the date 30 Sep 2020 (000 USD)	At the date 31 Dec 2020 (000 USD)	At the date 31 Mar 2021 (000 USD)	At the date 30 Jun 2021 (000 USD)
Total fleet value	147,420	147,650	146,800	139,350	140.160
Investments	-	-	-	-	-
Current assets	6,772	7,287	7,670	5,151	7.464
Other non-current assets	19	39	81	73	71
Total value of other assets	6,791	7,326	7,751	5,224	7.717
Cash and cash equivalents	8,509	6,023	5,669	7,428	8.146
Interest-bearing loans	(79,483)	(77,137)	(76,792)	(78,392)	(79.007)
Net debt	(70,974)	(71,114)	(71,123)	(70,964)	(70.861)
Other non-current liabilities	-	-	-	-	-
Current liabilities	(4,131)	(5,523)	(5,604)	(3,910)	(5.503)
Total value of other liabilities	(4,131)	(5,523)	(5,604)	(3,910)	(5.503)
NET ASSET VALUE	79,106	78,339	77,824	69,700	71.513
Weighted average number of shares outstanding, basic & diluted	8,711,956	8,710,299	8,709,407	8,706,421	8.705.817
Net asset value per share (USD)	9.09	8.99	8.94	8.01	8,21

KEY COMMENTS:

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

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

The revenue potential of TNG has usually been backed by secured contracts, which significantly alleviated the usual volatility of hire rates which were seen during previous years, and especially in 2020 and 2021.

Stability of operations was significantly contributed by the employment strategy of the fleet which preferred medium-term time charter employment, which mitigated the short-term volatility which is reflected in the changing freight rates, and volatility in the value of Company's assets.

Corrections on the freight rate market are also reflected in the current estimates of the sale and purchase value of vessels. Value of the fleet at June 30th, 2021 is estimated to USD 140.2 million, which with all other unchanged parameters gives a NAV per share of USD 8.21.

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

ANNOUNCEMENTS IN H1 2021

19 Feb 2021 Announcement of the Management and the Supervisory Board session
25 Feb 2021 Management and Supervisory Board meeting held
15 Mar 2021 Secured long-term loan facility agreement in the amount of USD 35.3 million
31 Mar 2021 Share acquisition notice
07 Apr 2021 Share acquisition notice
22 Apr 2021 Announcement of the Management and the Supervisory Board session
27 Apr 2021 Management and Supervisory Board meeting held
27 Apr 2021 Information about own shares
21 May 2021 Share acquisition notice
21 May 2021 Invitation to the General Assembly

SHAREHOLDER STRUCTURE

Shareholder on 30 June 2021	No. of shares	Share (%)
Tankerska Plovidba	4,454,994	51.01%
PBZ Croatia Osiguranje OMF	839,000	9.61%
Erste Plavi OMF	808,000	9.25%
Raiffeisen OMF	752,036	8.61%
Raiffeisen DMF	372,103	4.26%
Other institutional and private investors	1,507,212	17.26%
Total	8,733,345	100.00%

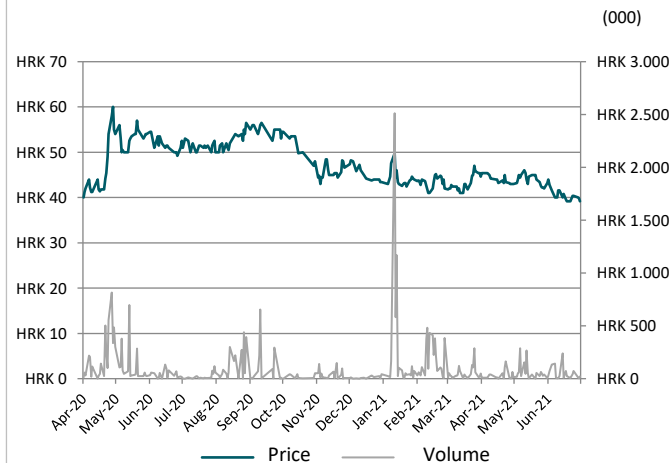
MANAGEMENT AND SUPERVISORY BOARD

On June 30th, 2021, the sole member of the Management Board is Mr. John Karavanić. In 2021 there were no changes in Supervisory Board. The Supervisory Board consists of Mr. Ivica Pijaca, president, Mr. Mario Pavić, deputy president, and members Mr. Joško Miliša, Mr. Nikola Koščica and Mr. Dalibor Fell.

TPNG-R-A STOCK

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

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

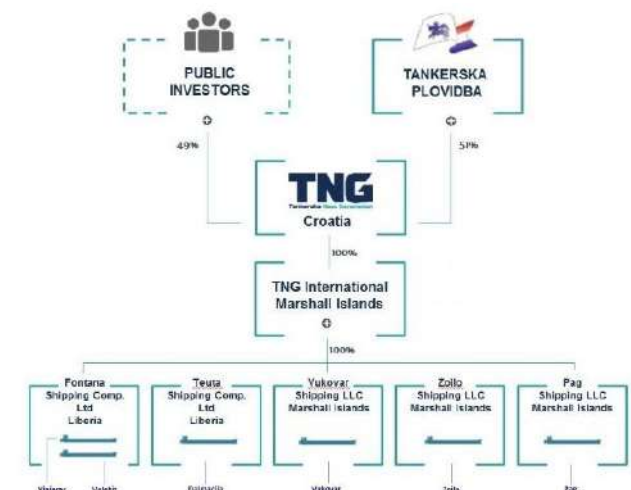


Since the beginning of the year until June 30th, the Company had repurchased a total of 1.399 treasury shares on the Zagreb Stock Exchange, representing 0.016% of the Company's share capital. The Company paid the equivalent of HRK 63.553 for the acquisition of abovementioned treasury shares.

As of June 30th, 2021, the Company had 28.319 treasury shares representing 0.3243% of the Company's share capital.

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

OVERVIEW OF RELATED PARTY TRANSACTIONS:



SBB achievements

24 February 2020 –
30 June 2021

Number of repurchased shares

15,119 (0.173% capital)

Repurchased amount

643.4k HRK

Achieved turnover TPNG at ZSE
in the period

27.951m HRK

Percentage of repurchased treasury
shares in total turnover

2.3 %

Market capitalization
30 Jun 2021

341.2m HRK



TPNG at ZSE	HRK					H1 2021.
	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
Volume (million)	14.7	4.1	1.5	5.9	17.17	12.76
Last price	75.00	54.00	38.80	47.20	43.00	39.20
Highest price	79.99	84.89	57.00	49.60	60.00	49.80
Lowest price	66.00	54.00	33.40	28.80	36.00	38.80
Average price	72.78	70.88	43.61	39.98	48.59	42.84



Risk management

TNG's risk management policy in connection to managing its financial assets can be summarized as follows:

Foreign exchange risk

TNG is exposed to the following currency risks: the transaction risk, which is the risk of a negative impact of fluctuations in foreign exchange rates against the Croatian kuna on TNG's cash flows from commercial activities; and the balance sheet risk, which is the risk that the net value of monetary assets on retranslation of kuna-denominated balances becomes lower as a result of changes in foreign exchange rates.

TNG operates internationally and is exposed to changes of US currency as significant amount of receivables and foreign revenues are stated in this currency. Current TNG policies do not include active hedging.

Interest rate risk

Interest rate risk is the risk of change in value of financial instruments due to changes in market interest rates. The risk of interest rate in cash flow is a risk that the interest expenditure on financial instruments will be variable during the period. As TNG has no significant interest-bearing assets, its operating income and cash flows from operations are not significantly exposed to fluctuations in market interest rates. TNG's interest rate risk arises from long-term borrowings. TNG is exposed to interest rate risk on its long-term borrowings that bear interest at variable

rates.

Arranging interest rate swaps with the key lenders provides for easing the risk of volatility in the variable interest rate, allowing the company, which operates in terms of pre-fixed income contracted to manage the profitability of operations fixing one of the major cost components.

Credit risk

Credit risk is the risk of failure by one party to meet commitments to the financial instruments, what could cause the financial loss to the other party. Maximum exposure to credit risk is expressed in the highest value of each of the financial asset in statement of financial position. Basic financial assets of TNG consist of cash and of account balance with banks, trade receivables and other receivables, and of investments. Credit risk in liquid funds is limited as the counterparty is often the bank that most international agencies assessed with high credit ratings.

Liquidity risk

The responsibility for managing liquidity risk rests with the Management Board which sets an appropriate liquidity risk management framework for the purpose of managing its short-term, medium-term and long-term funding and liquidity requirements. Liquidity risk, which is considered the risk of financing, is the risk of difficulties which the TNG may encounter in collecting funds to meet commitments associated with financial instruments. TNG has significant interest bearing non-

current liabilities for loans with variable interest that expose TNG to the risk of cash flows. Company manages liquidity risk through maintaining adequate reserves and loan facilities, in parallel to continuously comparing planned and realized cash flow and maturity of receivables and liabilities.

Price risk

TNG's activities expose it to price risk associated with changes in the freight rate. The daily freight rate (the spot rate) measured in USD per day, has historically been very volatile. In addition, TNG trades its spot exposed vessels in different pools that reduces the sensitivity to freight rate volatility by economies of scale and optimization of the fleet's geographical position.

Operational risk

Due to the risks involved in seaborne transportation of oil products as well as due to very stringent requirements by the "oil majors", safety and environmental compliance are TNG's top operational priorities. The Fleet Manager will operate TNG's vessels in a way so as to ensure maximum protection of the safety and health of staff, the general public and the environment. TNG and the Fleet Manager actively manage the risks inherent in TNG's business and are committed to eliminating incidents that would threaten safety and the integrity of the vessels. Fleet Manager uses a risk management program that includes, among other, computer-aided risk analysis tools, maintenance and assessment programs, seafarers competence training program, and seafarers workshops.

Daily rates

Time charter rates are usually fixed during the term of the charter. Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time and yield conservative profitability margins. Prevailing time charter rates fluctuate on a seasonal and year-to-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time charter rates is lower for longer-term time charters as opposed to shorter term time charters.

Employment strategy based on longer than one year time charter enables the mitigation of this type of risk.

TNG and its fleet manager are committed to the following standards, strategies and insurance:

- International Standards Organization's ("ISO") 9001 for quality assurance,
- ISO 14001 for environmental management systems,
- ISO 50001 for energy management systems and Occupational Health and Safety
- "OHSAS"18001 Safety Advisory Services
- ISM Code - International safety management code

Company strategy

The Company's strategy is to be a reliable, efficient and responsible provider of seaborne refined petroleum product transportation services and to manage and expand the Group in a manner that is believed will enable the Company to increase its distributable cash flow, enhance its ability to pay dividends and maximize value to its shareholders.

Business operations are based on the timely acquisition of tankers, ensuring efficient use of raised capital and debt minimization. Basically, fleet management is directed towards increasing cash flow and profitability through outsourcing majority of functions and services, maintaining a flexible and simple organizational structure unencumbered with additional overheads. This enables efficient assets and liabilities management and ensures a stable dividend return to shareholders.

Chartering strategy

Charterer's financial condition and reliability is an important factor in counterparty risk. TNG generally minimizes such risks by providing services to major energy corporations, large trading houses (including commodities traders), major crude and derivatives producers and other reputable entities with extenuating tradition in in seaborne transportation.

Insurance

The operation of any ocean-going vessel represents a potential risk of major losses and liabilities, death or injury of persons, as well as property damage caused by adverse weather conditions, mechanical failures, human error, war, terrorism, piracy and other circumstances or events. The transportation of oil is subject to the risk of pollution and to business interruptions due to political unrest, hostilities, labour strikes and boycotts. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade.

As an integral part of operating the vessels, TNG maintains insurance with first class international insurance providers to protect against the majority of accident-related risks in connection with the TNG's marine operations.

The Company believes that the TNG's current insurance program, is adequate to protect TNG against the majority of accident-related risks involved in the conduct of its business and that an appropriate level of protection and indemnity against pollution liability and environmental damage is maintained. TNG's goal is to maintain an adequate insurance coverage required by its marine operations and to actively monitor any new regulations and threats that may require the TNG to revise its coverage.



INTERIM FINANCIAL STATEMENTS

FOR PERIOD FROM 1ST JANUARY UNTIL 30TH JUNE 2021

(UNAUDITED)

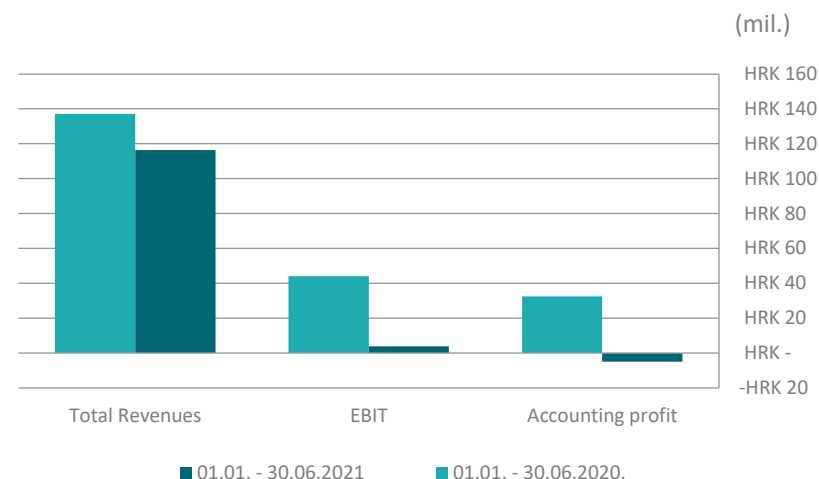
- I. Report of the Management Board on the Company's operations for the period from 1st January until 30th June, 2021
- II. Unaudited condensed quarterly financial statements:
 - Balance Sheet per as at 30th June, 2021
 - Profit and Loss Account for the period from 1st January until 30th June, 2021
 - Cash Flow Statement for the period from 1st January until 30th June, 2021
 - Statement of Changes in Equity for the period from 1st January until 30th June, 2021
 - Notes to the Financial Statements
- III. Statement of Responsibility for the Financial Statements

Report of the management board on the company's operations

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021

for the period from 1st January until 30th June, 2021

DESCRIPTION	Period 1 st Jan – 30 th Jun 2020	Period 1 st Jan – 30 th Jun 2021
Total revenues	HRK 137,190,713	HRK 116,346,760
Operating revenues / Total revenues	100%	100%
Other revenues / Total revenues	0%	0%
International market / Total revenues	100%	100%
Domestic market / Total revenues	0%	0%
Material costs / Operating expenses	33%	47%
Employee costs / Operating expenses	28%	21%
Financial expenses / Total Expenses	11%	7%
Net margin	23,67%	(4,32%)
Accounting profit	HRK 32,454,243	(HRK 5,026,645)
Operating profit (EBIT)	HRK 44,061,073	HRK 3,846,769



During the reporting period the Company reported HRK 116.3 million of operating revenues, attributed predominantly to revenue generated from sales.

In the same period, the Company reported HRK 112.5 million of operating costs. The majority of operating expenses are the material costs HRK 52.5 million, followed by depreciation in the amount of HRK 25.6 million (including HRK 2.7 million of dry dock expenses depreciation), employee costs in the amount HRK 23.3 million and other expenses in the amount of HRK 11.1 million.

In the period ended 30th June 2021, financial income amounted to HRK 22 thousand while financial expenses amounted to HRK 8,9 million.

In the reporting period, the Company achieved cumulative loss in the amount of HRK 5,0 million.

The Company's equity capital in the amount of HRK 436.7 million was allocated to 8.7 million of approved, issued and fully paid ordinary shares without nominal value.

In the reporting period the Company acquired 1.399 treasury shares following the Share Buy-Back programme.

Details of each individual acquisition of treasury shares have been made public in accordance with the provisions of the Companies Act, the provisions of the Capital Market Act and the Rules of the Zagreb Stock Exchange.

As of June 30, 2021, the Company held 28,319 treasury shares, representing 0.3243% of the total number of shares. Reserves for treasury shares are formed from retained Company's earnings.

On June 30, 2021, the Company has the following companies abroad:

1. Tankerska Next Generation International Ltd., Majuro, Marshal Islands;
2. Fontana Shipping Company Limited, Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. Vukovar Shipping, LLC, Majuro, Marshal Islands;
5. Zoilo Shipping, LLC, Majuro, Marshal Islands;
6. Pag Shipping, LLC, Majuro, Marshal Islands.

The table above shows some of the most significant financial report data for the observed period.

Annex 1		
ISSUER'S GENERAL DATA		
Reporting period:	01/01/2021	to 30/06/2021
Year:	2021	
Quarter:	2.	
Quarterly financial statements		
Registration number (MB):	04266838	Issuer's home Member State code: HR
Entity's registration number (MBS):	110046753	
Personal identification number (OIB):	30312968003	LEI: 74780000Y04HB9CIA883
Institution code:	30559	
Name of the issuer:	Tankerska Next Generation d.d.	
Postcode and town:	23000	Zadar
Street and house number:	Božidara Petranovića 4	
E-mail address:	tng@tng.hr	
Web address:	www.tng.hr	
Number of employees (end of the reporting period):	134	
Consolidated report:	KN	(KN-not consolidated/KD-consolidated)
Audited:	RN	(RN-not audited/RD-audited)
Names of subsidiaries (according to IFRS):	Registered office:	MB:
Bookkeeping firm:	Yes (Yes/No)	Tankerska plovidba d.d. (name of the bookkeeping firm)
Contact person:	KARAVANIĆ JOHN (only name and surname of the contact person)	
Telephone:	023/202-132	
E-mail address:	tng@tng.hr	
Audit firm:		
	(name of the audit firm)	
Certified auditor:		
	(name and surname)	

BALANCE SHEET			
balance as at 30.06.2021			
			in HRK
Submitter: Tankerska Next Generation d.d.			
Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
A) RECEIVABLES FOR SUBSCRIBED CAPITAL UNPAID	001	0	0
B) FIXED ASSETS (ADP 003+010+020+031+036)	002	1,002,441,257	1,020,324,086
I INTANGIBLE ASSETS (ADP 004 to 009)	003	0	0
1 Research and development	004	0	0
2 Concessions, patents, licences, trademarks, software and other rights	005	0	0
3 Goodwill	006	0	0
4 Advances for the purchase of intangible assets	007	0	0
5 Intangible assets in preparation	008	0	0
6 Other intangible assets	009	0	0
II TANGIBLE ASSETS (ADP 011 to 019)	010	1,002,441,257	1,020,324,086
1 Land	011	0	0
2 Buildings	012	0	0
3 Plant and equipment	013	993,490,420	1,010,304,131
4 Tools, working inventory and transportation assets	014	0	0
5 Biological assets	015	0	0
6 Advances for the purchase of tangible assets	016	3,135,487	2,817,520
7 Tangible assets in preparation	017	5,815,350	7,202,435
8 Other tangible assets	018	0	0
9 Investment property	019	0	0
III FIXED FINANCIAL ASSETS (ADP 021 to 030)	020	0	0
1 Investments in holdings (shares) of undertakings within the group	021	0	0
2 Investments in other securities of undertakings within the group	022	0	0
3 Loans, deposits, etc. to undertakings within the group	023	0	0
4. Investments in holdings (shares) of companies linked by virtue of participating interests	024	0	0
5 Investment in other securities of companies linked by virtue of participating interests	025	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	026	0	0
7 Investments in securities	027	0	0
8 Loans, deposits, etc. given	028	0	0
9 Other investments accounted for using the equity method	029	0	0
10 Other fixed financial assets	030	0	0
IV RECEIVABLES (ADP 032 to 035)	031	0	0
1 Receivables from undertakings within the group	032	0	0
2 Receivables from companies linked by virtue of participating interests	033	0	0
3 Customer receivables	034	0	0
4 Other receivables	035	0	0
V DEFERRED TAX ASSETS	036	0	0
C) CURRENT ASSETS (ADP 038+046+053+063)	037	78,030,528	92,720,911
I INVENTORIES (ADP 039 to 045)	038	9,022,302	10,148,089
1 Raw materials and consumables	039	9,022,302	10,148,089
2 Work in progress	040	0	0
3 Finished goods	041	0	0
4 Merchandise	042	0	0
5 Advances for inventories	043	0	0
6 Fixed assets held for sale	044	0	0
7 Biological assets	045	0	0
II RECEIVABLES (ADP 047 to 052)	046	34,204,292	31,328,650
1 Receivables from undertakings within the group	047	7,276	0
2 Receivables from companies linked by virtue of participating interests	048	0	0
3 Customer receivables	049	33,838,253	30,967,674
4 Receivables from employees and members of the undertaking	050	26,792	6,773
5 Receivables from government and other institutions	051	67,116	45,479
6 Other receivables	052	264,855	308,724
III CURRENT FINANCIAL ASSETS (ADP 054 to 062)	053	6,139,039	8,385,111
1 Investments in holdings (shares) of undertakings within the group	054	0	0
2 Investments in other securities of undertakings within the group	055	0	0
3 Loans, deposits, etc. to undertakings within the group	056	0	0
4 Investments in holdings (shares) of companies linked by virtue of participating interests	057	0	0
5 Investment in other securities of companies linked by virtue of participating interests	058	0	0
6 Loans, deposits etc. to companies linked by virtue of participating interests	059	0	0
7 Investments in securities	060	0	0
8 Loans, deposits, etc. given	061	6,139,039	8,385,111
9 Other financial assets	062	0	0
IV CASH AT BANK AND IN HAND	063	28,664,895	42,859,061
D) PREPAID EXPENSES AND ACCRUED INCOME	064	3,865,421	6,616,293
E) TOTAL ASSETS (ADP 001+002+037+064)	065	1,084,337,206	1,119,661,290
OFF-BALANCE SHEET ITEMS	066	0	0

Item	ADP code	Last day of the preceding business year	At the reporting date of the current period
1	2	3	4
LIABILITIES			
A) CAPITAL AND RESERVES (ADP 068 to	067	578,497,199	588,055,489
I INITIAL (SUBSCRIBED) CAPITAL	068	436,667,250	436,667,250
II CAPITAL RESERVES	069	68,425,976	68,425,976
III RESERVES FROM PROFIT (ADP 071+072-073+074+075)	070	60,118,250	60,118,250
1 Legal reserves	071	5,118,250	5,118,250
2 Reserves for treasury shares	072	1,578,097	1,641,650
3 Treasury shares and holdings (deductible item)	073	-1,578,097	-1,641,650
4 Statutory reserves	074	0	0
5 Other reserves	075	55,000,000	55,000,000
IV REVALUATION RESERVES	076	0	0
V FAIR VALUE RESERVES AND OTHER (ADP 078 to 082)	077	-43,479,713	-28,831,225
1 Financial assets at fair value through other comprehensive income (i.e. available for sale)	078	0	0
2 Cash flow hedge - effective portion	079	0	0
3 Hedge of a net investment in a foreign operation - effective	080	0	0
4 Other fair value reserves	081	0	0
5 Exchange differences arising from the translation of foreign operations (consolidation)	082	-43,479,713	-28,831,225
VI RETAINED PROFIT OR LOSS BROUGHT FORWARD (ADP 084-085)	083	88,448,279	56,701,883
1 Retained profit	084	88,448,279	88,384,726
2 Loss brought forward	085	0	31,682,843
VII PROFIT OR LOSS FOR THE BUSINESS YEAR (ADP 087-088)	086	-31,682,843	-5,026,645
1 Profit for the business year	087	0	0
2 Loss for the business year	088	31,682,843	5,026,645
VIII MINORITY (NON-CONTROLLING) INTEREST	089	0	0
B) PROVISIONS (ADP 091 to 096)	090	0	0
1 Provisions for pensions, termination benefits and similar obligations	091	0	0
2 Provisions for tax liabilities	092	0	0
3 Provisions for ongoing legal cases	093	0	0
4 Provisions for renewal of natural resources	094	0	0
5 Provisions for warranty obligations	095	0	0
6 Other provisions	096	0	0
C) LONG-TERM LIABILITIES (ADP 098 to 108)	097	395,803,103	466,985,641
1 Liabilities to undertakings within the group	098	0	0
2 Liabilities for loans, deposits, etc. of undertakings within the group	099	0	18,871,218
3 Liabilities to companies linked by virtue of participating	100	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	101	0	0
5 Liabilities for loans, deposits etc.	102	0	0
6 Liabilities to banks and other financial institutions	103	395,803,103	448,114,423
7 Liabilities for advance payments	104	0	0
8 Liabilities to suppliers	105	0	0
9 Liabilities for securities	106	0	0
10 Other long-term liabilities	107	0	0
11 Deferred tax liability	108	0	0
D) SHORT-TERM LIABILITIES (ADP 110 to 123)	109	98,831,679	55,152,640
1 Liabilities to undertakings within the group	110	11,232,172	3,931,037
2 Liabilities for loans, deposits, etc. of undertakings within the group	111	0	0
3 Liabilities to companies linked by virtue of participating	112	0	0
4 Liabilities for loans, deposits etc. of companies linked by virtue of participating interests	113	0	0
5 Liabilities for loans, deposits etc.	114	0	0
6 Liabilities to banks and other financial institutions	115	75,627,733	29,999,959
7 Liabilities for advance payments	116	0	0
8 Liabilities to suppliers	117	7,459,721	14,540,245
9 Liabilities for securities	118	0	0
10 Liabilities to employees	119	4,329,249	4,160,896
11 Taxes, contributions and similar liabilities	120	55,620	50,725
12 Liabilities arising from the share in the result	121	53,774	53,774
13 Liabilities arising from fixed assets held for sale	122	0	0
14 Other short-term liabilities	123	73,410	2,416,004
E) ACCRUALS AND DEFERRED INCOME	124	11,205,225	9,467,520
F) TOTAL – LIABILITIES (ADP 067+090+097+109+124)	125	1,084,337,206	1,119,661,290
G) OFF-BALANCE SHEET ITEMS	126	0	0

Statement of profit or loss

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021



STATEMENT OF PROFIT OR LOSS					
for the period 01.01.2021 to 30.06.2021					
in HRK					
Submitter: Tankerska Next Generation d.d.					
Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
I OPERATING INCOME (ADP 002 to 006)	001	137,135,180	67,872,164	116,324,972	66,118,121
1 Income from sales with undertakings within the group	002	0	0	0	0
2 Income from sales (outside group)	003	137,128,791	67,868,945	115,843,798	65,823,667
3 Income from the use of own products, goods and services	004	0	0	0	0
4 Other operating income with undertakings within the group	005	0	0	0	0
5 Other operating income (outside the group)	006	6,389	3,219	481,174	294,454
II OPERATING EXPENSES (ADP 008+009+013+017+018+019+022+029)	007	93,074,107	46,993,426	112,478,203	57,105,942
1 Changes in inventories of work in progress and finished goods	008	0	0	0	0
2 Material costs (ADP 010 to 012)	009	30,699,147	14,328,089	52,479,253	27,764,539
a) Costs of raw materials and consumables	010	12,912,442	4,655,687	26,494,421	14,313,494
b) Costs of goods sold	011	0	0	0	0
c) Other external costs	012	17,786,705	9,672,402	25,984,832	13,451,045
3 Staff costs (ADP 014 to 016)	013	25,904,405	13,282,835	23,291,676	11,366,338
a) Net salaries and wages	014	25,621,897	13,141,200	22,988,834	11,215,892
b) Tax and contributions from salary costs	015	198,993	99,781	207,152	102,887
c) Contributions on salaries	016	83,515	41,854	95,690	47,559
4 Depreciation	017	26,834,868	13,446,750	25,619,280	12,828,958
5 Other costs	018	9,260,761	5,684,737	10,308,241	4,797,631
6 Value adjustments (ADP 020+021)	019	0	0	0	0
a) fixed assets other than financial assets	020	0	0	0	0
b) current assets other than financial assets	021	0	0	0	0
7 Provisions (ADP 023 to 028)	022	0	0	0	0
a) Provisions for pensions, termination benefits and similar	023	0	0	0	0
b) Provisions for tax liabilities	024	0	0	0	0
c) Provisions for ongoing legal cases	025	0	0	0	0
d) Provisions for renewal of natural resources	026	0	0	0	0
e) Provisions for warranty obligations	027	0	0	0	0
f) Other provisions	028	0	0	0	0
8 Other operating expenses	029	374,926	251,015	779,753	348,476
III FINANCIAL INCOME (ADP 031 to 040)	030	55,533	105,646	21,789	2,679
1 Income from investments in holdings (shares) of undertakings within the group	031	0	0	0	0
2 Income from investments in holdings (shares) of companies linked by virtue of participating interests	032	0	0	0	0
3 Income from other long-term financial investment and loans granted to undertakings within the group	033	0	0	0	0
4 Other interest income from operations with undertakings within the group	034	0	0	0	0
5 Exchange rate differences and other financial income from operations with undertakings within the group	035	0	0	0	0
6 Income from other long-term financial investments and loans	036	0	0	0	0
7 Other interest income	037	46,184	27,864	4,170	2,679
8 Exchange rate differences and other financial income	038	9,349	77,782	17,619	0
9 Unrealised gains (income) from financial assets	039	0	0	0	0
10 Other financial income	040	0	0	0	0
IV FINANCIAL EXPENSES (ADP 042 to 048)	041	11,662,363	5,395,338	8,895,203	4,578,145
1 Interest expenses and similar expenses with undertakings within the group	042	0	0	17,579	17,579
2 Exchange rate differences and other expenses from operations with undertakings within the group	043	0	0	0	0
3 Interest expenses and similar expenses	044	11,662,363	5,395,338	8,877,624	4,479,915
4 Exchange rate differences and other expenses	045	0	0	0	80,651
5 Unrealised losses (expenses) from financial assets	046	0	0	0	0
6 Value adjustments of financial assets (net)	047	0	0	0	0
7 Other financial expenses	048	0	0	0	0
V SHARE IN PROFIT FROM UNDERTAKINGS LINKED BY VIRTUE OF PARTICIPATING INTERESTS	049	0	0	0	0
VI SHARE IN PROFIT FROM JOINT VENTURES	050	0	0	0	0
VII SHARE IN LOSS OF COMPANIES LINKED BY VIRTUE OF PARTICIPATING INTEREST	051	0	0	0	0
VIII SHARE IN LOSS OF JOINT VENTURES	052	0	0	0	0
IX TOTAL INCOME (ADP 001+030+049 +050)	053	137,190,713	67,977,810	116,346,761	66,120,800
X TOTAL EXPENDITURE (ADP 007+041+051 + 052)	054	104,736,470	52,388,764	121,373,406	61,684,087
XI PRE-TAX PROFIT OR LOSS (ADP 053-054)	055	32,454,243	15,589,046	-5,026,645	4,436,713
1 Pre-tax profit (ADP 053-054)	056	32,454,243	15,589,046	0	4,436,713
2 Pre-tax loss (ADP 054-053)	057	0	0	-5,026,645	0
XII INCOME TAX	058	0	0	0	0
XIII PROFIT OR LOSS FOR THE PERIOD (ADP 055-059)	059	32,454,243	15,589,046	-5,026,645	4,436,713
1 Profit for the period (ADP 055-059)	060	32,454,243	15,589,046	0	4,436,713
2 Loss for the period (ADP 059-055)	061	0	0	-5,026,645	0

Statement of profit or loss

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021



Item	ADP code	Same period of the previous year		Current period	
		Cumulative	Quarter	Cumulative	Quarter
1	2	3	4	5	6
DISCONTINUED OPERATIONS (to be filled in by undertakings subject to IFRS only with discontinued operations)					
XIV PRE-TAX PROFIT OR LOSS OF DISCONTINUED OPERATIONS (ADP 063-064)	062	0	0	0	0
1 Pre-tax profit from discontinued operations	063	0	0	0	0
2 Pre-tax loss on discontinued operations	064	0	0	0	0
XV INCOME TAX OF DISCONTINUED OPERATIONS	065	0	0	0	0
1 Discontinued operations profit for the period (ADP 062-065)	066	0	0	0	0
2 Discontinued operations loss for the period (ADP 065-062)	067	0	0	0	0
TOTAL OPERATIONS (to be filled in only by undertakings subject to IFRS with discontinued operations)					
XVI PRE-TAX PROFIT OR LOSS (ADP 055+062)	068	0	0	0	0
1 Pre-tax profit (ADP 068)	069	0	0	0	0
2 Pre-tax loss (ADP 068)	070	0	0	0	0
XVII INCOME TAX (ADP 058+065)	071	0	0	0	0
XVIII PROFIT OR LOSS FOR THE PERIOD (ADP 068-071)	072	0	0	0	0
1 Profit for the period (ADP 068-071)	073	0	0	0	0
2 Loss for the period (ADP 071-068)	074	0	0	0	0
APPENDIX to the P&L (to be filled in by undertakings that draw up consolidated annual financial statements)					
XIX PROFIT OR LOSS FOR THE PERIOD (ADP 076+077)	075	0	0	0	0
1 Attributable to owners of the parent	076	0	0	0	0
2 Attributable to minority (non-controlling) interest	077	0	0	0	0
STATEMENT OF OTHER COMPREHENSIVE INCOME (to be filled in by undertakings subject to IFRS)					
I PROFIT OR LOSS FOR THE PERIOD	078	32,454,243	15,589,046	-5,026,645	4,436,713
II OTHER COMPREHENSIVE INCOME/LOSS BEFORE TAX (ADP 80+ 87)	079	3,718,512	-18,752,200	14,648,487	-14,617,065
III Items that will not be reclassified to profit or loss (ADP 081 to 085)	080	0	0	0	0
1 Changes in revaluation reserves of fixed tangible and intangible assets	081	0	0	0	0
2 Gains or losses from subsequent measurement of equity instruments at fair value through other comprehensive income	082	0	0	0	0
3 Fair value changes of financial liabilities at fair value through statement of profit or loss, attributable to changes in their credit risk	083	0	0	0	0
4 Actuarial gains/losses on the defined benefit obligation	084	0	0	0	0
5 Other items that will not be reclassified	085	0	0	0	0
6 Income tax relating to items that will not be reclassified	086	0	0	0	0
IV Items that may be reclassified to profit or loss (ADP 088 to 095)	087	3,718,512	-18,752,200	14,648,487	-14,617,065
1 Exchange rate differences from translation of foreign operations	088	3,718,512	-18,752,200	14,648,487	-14,617,065
2 Gains or losses from subsequent measurement of debt securities at fair value through other comprehensive income	089	0	0	0	0
3 Profit or loss arising from effective cash flow hedging	090	0	0	0	0
4 Profit or loss arising from effective hedge of a net investment in a foreign operation	091	0	0	0	0
5 Share in other comprehensive income/loss of companies linked by virtue of participating interests	092	0	0	0	0
6 Changes in fair value of the time value of option	093	0	0	0	0
7 Changes in fair value of forward elements of forward contracts	094	0	0	0	0
8 Other items that may be reclassified to profit or loss	095	0	0	0	0
9 Income tax relating to items that may be reclassified to profit or loss	096	0	0	0	0
V NET OTHER COMPREHENSIVE INCOME OR LOSS (ADP 080+087-086 - 096)	097	3,718,512	-18,752,200	14,648,487	-14,617,065
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 078+097)	098	36,172,755	-3,163,154	9,621,842	-10,180,352
APPENDIX to the Statement on comprehensive income (to be filled in by undertakings that draw up consolidated statements)					
VI COMPREHENSIVE INCOME OR LOSS FOR THE PERIOD (ADP 100+101)	099	0	0	0	0
1 Attributable to owners of the parent	100	0	0	0	0
2 Attributable to minority (non-controlling) interest	101	0	0	0	0

STATEMENT OF CASH FLOWS - indirect method			
for the period 01.01.2021. to 30.06.2021.			
in HRK			
Submitter: Tankerska Next Generation d.d.			
Item	ADP code	Same period of the previous year	Current period
1	2	3	4
Cash flow from operating activities			
1 Pre-tax profit	001	32,454,243	-5,026,645
2 Adjustments (ADP 003 to 010):	002	37,018,597	34,818,958
a) Depreciation	003	26,834,868	25,619,280
b) Gains and losses from sale and value adjustment of fixed tangible and intangible assets	004	0	0
c) Gains and losses from sale and unrealised gains and losses and value adjustment of financial assets	005	0	0
d) Interest and dividend income	006	-46,184	-4,168
e) Interest expenses	007	11,662,363	8,877,624
f) Provisions	008	0	0
g) Exchange rate differences (unrealised)	009	-1,432,450	326,222
h) Other adjustments for non-cash transactions and unrealised gains and losses	010	0	0
I Cash flow increase or decrease before changes in working capital (ADP 001+002)	011	69,472,840	29,792,313
3 Changes in the working capital (ADP 013 to 016)	012	-24,902,386	-1,582,511
a) Increase or decrease in short-term liabilities	013	-3,758,301	865,120
b) Increase or decrease in short-term receivables	014	-18,757,066	-1,321,844
c) Increase or decrease in inventories	015	-2,387,019	-1,125,787
d) Other increase or decrease in working capital	016	0	0
II Cash from operations (ADP 011+012)	017	44,570,454	28,209,802
4 Interest paid	018	-12,669,260	-8,551,429
5 Income tax paid	019	0	0
A) NET CASH FLOW FROM OPERATING ACTIVITIES (ADP 017 to 019)	020	31,901,194	19,658,373
Cash flow from investment activities			
1 Cash receipts from sales of fixed tangible and intangible assets	021	0	0
2 Cash receipts from sales of financial instruments	022	0	0
3 Interest received	023	60,501	5,016
4 Dividends received	024	0	0
5 Cash receipts from repayment of loans and deposits	025	0	0
6 Other cash receipts from investment activities	026	0	0
III Total cash receipts from investment activities (ADP 021 to 026)	027	60,501	5,016
1 Cash payments for the purchase of fixed tangible and intangible assets	028	-10,304,164	-18,080,697
2 Cash payments for the acquisition of financial instruments	029	0	0
3 Cash payments for loans and deposits for the period	030	0	0
4 Acquisition of a subsidiary, net of cash acquired	031	0	0
5 Other cash payments from investment activities	032	0	0
IV Total cash payments from investment activities (ADP 028 to 032)	033	-10,304,164	-18,080,697
B) NET CASH FLOW FROM INVESTMENT ACTIVITIES (ADP 027 +033)	034	-10,243,663	-18,075,681
Cash flow from financing activities			
1 Cash receipts from the increase in initial (subscribed) capital	035	0	0
2 Cash receipts from the issue of equity financial instruments and debt financial instruments	036	0	0
3 Cash receipts from credit principals, loans and other borrowings	037	0	512,381,090
4 Other cash receipts from financing activities	038	0	0
V Total cash receipts from financing activities (ADP 035 to 038)	039	0	512,381,090
1 Cash payments for the repayment of credit principals, loans and other borrowings and debt financial instruments	040	-32,248,948	-498,613,693
2 Cash payments for dividends	041	0	0
3 Cash payments for finance lease	042	0	0
4 Cash payments for the redemption of treasury shares and decrease in initial (subscribed) capital	043	0	-63,553
5 Other cash payments from financing activities	044	-554,668	0
VI Total cash payments from financing activities (ADP 040 to 044)	045	-32,803,616	-498,677,246
C) NET CASH FLOW FROM FINANCING ACTIVITIES (ADP 039 +045)	046	-32,803,616	13,703,844
1 Unrealised exchange rate differences in respect of cash and cash equivalents	047	507,407	1,153,703
D) NET INCREASE OR DECREASE IN CASH FLOWS (ADP 020+034+046+047)	048	-10,638,678	16,440,239
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	049	67,711,609	34,803,934
F) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD(ADP 048+049)	050	57,072,931	51,244,173

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021



STATEMENT OF CHANGES IN EQUITY

for the period from 01.01.2021 to 30.06.2021

in HRK

Item	ADP code	Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Attributable to owners of the parent										Total attributable to owners of the parent	Minority (non-controlling) interest	Total capital and reserves
									Revaluation reserves	Fair value of financial assets through other comprehensive income (available for sale)	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation - effective portion	Other fair value reserves	Exchange rate differences from translation of foreign operations	Retained profit / loss brought forward	Profit/loss for the business year	18 (3 to 6 - 7 + 8 to 17)	19			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18 (3 to 6 - 7 + 8 to 17)	19	20 (18+19)		
Previous period																					
1 Balance on the first day of the previous business year	01	436,667,250	68,425,976	3,951,238	996,600	996,600	0	55,000,000	0	0	0	0	0	0	10,992,817	90,196,788	0	665,234,069	0	665,234,069	
2 Changes in accounting policies	02	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
3 Correction of errors	03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
4 Balance on the first day of the previous business year (restated) (ADP 01 to 03)	04	436,667,250	68,425,976	3,951,238	996,600	996,600	0	55,000,000	0	0	0	0	0	0	10,992,817	90,196,788	0	665,234,069	0	665,234,069	
5 Profit/loss of the period	05	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	32,454,243	32,454,243	0	32,454,243	
6 Exchange rate differences from translation of foreign operations	06	0	0	0	0	0	0	0	0	0	0	0	0	0	3,718,512	0	3,718,512	0	3,718,512		
7 Changes in revaluation reserves of fixed tangible and intangible assets	07	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	08	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
9 Profit or loss arising from effective cash flow hedge	09	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	10	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	11	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
12 Actuarial gains/losses on the defined benefit obligation	12	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
13 Other changes in equity unrelated to owners	13	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
14 Tax on transactions recognised directly in equity	14	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	16	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	17	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
18 Redemption of treasury shares/holdings	18	0	0	0	554,668	554,668	0	0	0	0	0	0	0	0	0	-554,668	0	-554,668	0	-554,668	
19 Payments from members/shareholders	19	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20 Payment of share in profit/dividend	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21 Other distributions and payments to members/shareholders	21	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22 Transfer to reserves according to the annual schedule	22	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	23	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
24 Balance on the last day of the previous business year reporting period (ADP 04 to 23)	24	436,667,250	68,425,976	3,951,238	1,551,268	1,551,268	0	55,000,000	0	0	0	0	0	0	14,711,329	89,642,120	32,454,243	700,852,156	0	700,852,156	
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																					
I OTHER COMPREHENSIVE INCOME OF THE PREVIOUS PERIOD, NET OF TAX (ADP 06 to 14)	25	0	0	0	0	0	0	0	0	0	0	0	0	0	3,718,512	0	0	3,718,512	0	3,718,512	
II COMPREHENSIVE INCOME OR LOSS FOR THE PREVIOUS PERIOD (ADP 05+25)	26	0	0	0	0	0	0	0	0	0	0	0	0	0	3,718,512	0	32,454,243	36,172,755	0	36,172,755	
III TRANSACTIONS WITH OWNERS IN THE PREVIOUS PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 15 to 23)	27	0	0	0	554,668	554,668	0	0	0	0	0	0	0	0	-554,668	0	0	-554,668	0	-554,668	

Statement of changes in equity

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021

Item	ADP code	Attributable to owners of the parent														Minority (non-controlling) interest	Total capital and reserves	
		Initial (subscribed) capital	Capital reserves	Legal reserves	Reserves for treasury shares	Treasury shares and holdings (deductible item)	Statutory reserves	Other reserves	Revaluation reserves	Fair value of financial assets available for sale	Cash flow hedge - effective portion	Hedge of a net investment in a foreign operation effective portion	Retained profit / loss brought forward	Profit/loss for the business year	Total attributable to owners of the parent			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16 (3 to 6 - 7 + 8 to 15)	17	18 (16+17)	
Current period																		
1 Balance on the first day of the current business year	28	436,667,250	68,425,976	5,118,250	1,578,097	1,578,097	0	55,000,000	0	0	0	0	-43,479,713	56,765,436	0	578,497,199	0	578,497,199
2 Changes in accounting policies	29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Correction of errors	30	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
4 Balance on the first day of the current business year (restated) (ADP 28 to 30)	31	436,667,250	68,425,976	5,118,250	1,578,097	1,578,097	0	55,000,000	0	0	0	0	-43,479,713	56,765,436	0	578,497,199	0	578,497,199
5 Profit/loss of the period	32	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,026,645	-5,026,645	0	-5,026,645
6 Exchange rate differences from translation of foreign operations	33	0	0	0	0	0	0	0	0	0	0	0	14,648,487	0	14,648,487	0	14,648,487	
7 Changes in revaluation reserves of fixed tangible and intangible assets	34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8 Gains or losses from subsequent measurement of financial assets at fair value through other comprehensive income (available for sale)	35	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
9 Profit or loss arising from effective cash flow hedge	36	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
10 Profit or loss arising from effective hedge of a net investment in a foreign operation	37	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11 Share in other comprehensive income/loss of companies linked by virtue of participating interests	38	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
12 Actuarial gains/losses on the defined benefit obligation	39	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
13 Other changes in equity unrelated to owners	40	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
14 Tax on transactions recognised directly in equity	41	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
15 Decrease in initial (subscribed) capital (other than arising from the pre-bankruptcy settlement procedure or from the reinvestment of profit)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
16 Decrease in initial (subscribed) capital arising from the pre-bankruptcy settlement procedure	43	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
17 Decrease in initial (subscribed) capital arising from the reinvestment of profit	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
18 Redemption of treasury shares/holdings	45	0	0	0	63,553	63,553	0	0	0	0	0	0	0	-63,553	-63,553	0	-63,553	
19 Payments from members/shareholders	46	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
20 Payment of share in profit/dividend	47	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21 Other distributions and payments to members/shareholders	48	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
22 Carryforward per annual plan	49	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23 Increase in reserves arising from the pre-bankruptcy settlement procedure	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
24 Balance on the last day of the current business year reporting period (ADP 31 to 50)	51	436,667,250	68,425,976	5,118,250	1,641,650	1,641,650	0	55,000,000	0	0	0	0	-28,831,226	56,701,883	-5,026,645	588,055,488	0	588,055,488
APPENDIX TO THE STATEMENT OF CHANGES IN EQUITY (to be filled in by undertakings that draw up financial statements in accordance with the IFRS)																		
I OTHER COMPREHENSIVE INCOME FOR THE CURRENT PERIOD, NET OF TAX (ADP 33 to 41)	52	0	0	0	0	0	0	0	0	0	0	0	14,648,487	0	14,648,487	0	14,648,487	
II COMPREHENSIVE INCOME OR LOSS FOR THE CURRENT PERIOD (ADP 32 do 52)	53	0	0	0	0	0	0	0	0	0	0	0	14,648,487	-5,026,645	9,621,842	0	9,621,842	
III TRANSACTIONS WITH OWNERS IN THE CURRENT PERIOD RECOGNISED DIRECTLY IN EQUITY (ADP 42 to 50)	54	0	0	0	63,553	63,553	0	0	0	0	0	0	0	-63,553	-63,553	0	-63,553	

NOTES TO THE FINANCIAL STATEMENTS

1. General information

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

Management Board:

- John Karavanić, the sole member of the Board

Supervisory board members from January 1st, 2021 up to the reporting date:

- Ivica Pijaca, chairman
- Mario Pavić, vice chairman
- Nikola Koščica, member
- Joško Miliša, member
- Dalibor Fell, member

As of June 30th, 2021 Tankerska Next Generation's Inc. share capital amounted to HRK 436,667,250 divided into 8,733,345 TPNG-R-A ordinary shares with no par value.

The Financial Statements for the period ending June 30th, 2021 include assets and liabilities, revenues and expenses respectively of Tankerska Next Generation Inc. and its international subsidiaries (companies engaged in international shipping). All companies are managed by Tankerska Next Generation Inc. from the sole headquarters and by the same Management Board. Pursuant to the Article 429.a, section 4 of the Maritime Code ("Official Gazette" No. 181/04., 76/07., 146/08., 61/11., 56/13., 26/15. and 17/19.) Tankerska Next Generation Inc. is obliged to conduct accounting and prepare financial statements for all domestic and international business operations, including all shipping companies in which it holds the majority ownership and

which are engaged in vessel operations with their net tonnage being included in the tonnage tax calculation.

For some of Tankerska Next Generation Inc. subsidiaries that, pursuant to the regulations of the states they have been founded in, are not obliged to keep business books and prepare financial statements, Tankerska Next Generation Inc., in accordance with the Accounting Act and the Income Tax Act, states their assets and liabilities, revenues and expenses respectively, within its financial statements.

2. Principal accounting policies

Tankerska Next Generation Inc. financial statements include assets and liabilities, revenues and expenses of the following fully owned subsidiaries:

1. Tankerska Next Generation International Ltd., Majuro, Marshall Islands;
2. Fontana Shipping Company Ltd., Monrovia, Liberia;
3. Teuta Shipping Company Ltd., Monrovia, Liberia;
4. Vukovar Shipping, LLC, Majuro, Marshall Islands;
5. Zoilo Shipping, LLC, Majuro, Marshall Islands;
6. Pag Shipping, LLC, Majuro Marshall Islands.

The Financial statements for the period ending June 30th, 2021 do not include all information important for comprehension of the current period in the course of the year and should be read together with the Company's Financial Statements as at 31st December, 2020.

Financial statements have been prepared based on the same accounting policies, presentations and calculation methods as the ones used during preparation of the financial statements for the period ending 31st December 2020.

3. Vessels and equipment

During the observed period, the Company invested HRK 8.9m in the procurement of ballast water treatment systems.

During the first half of 2021, the Company invested HRK 10.2m in regular five-year drydocking of product tankers m/t "Velebit" and "Pag".

In accordance with the adopted drydocking policy, drydocking costs are capitalized as an integral part of the vessels in the business books of the Tankerska Next Generation International Ltd., and are depreciated on a straight-line basis over the five-year period until the next drydocking.

4. Equity and reserves

In the treasury share repurchase program, in the first half of 2021, the Company repurchased 1.399 treasury shares for a total value of HRK 64 thousand. Reserves for treasury shares are formed from the Company's retained earnings.

As of 30 June 2021, the Company holds a total of 28,319 treasury shares, representing 0.3243% of the Company's share capital (30 June 2020: 26,323 treasury shares, representing 0.3014% of share capital).

5. Interest bearing liabilities

In February 2021, Tankerska Next Generation d.d. following a previously concluded long-term loan agreement dated December 21, 2020 with Crédit Agricole Corporate and Investment Bank and Hamburg Commercial Bank withdrew in full the loan funds for refinancing existing loans for the vessels "Vukovar", "Zoilo" and "Dalmacija" amounting to USD 14.4 million per vessel.

In March 2021, Fontana Shipping Company Limited and Pag Shipping LLC entered into a new long-term loan agreement dated March 12, 2021 with ABN AMRO Bank N.V. in the total amount of USD 35.3 million, at a variable interest rate of 3M LIBOR + interest margin, payable in 20 quarterly installments, for refinancing of existing loans for ships "Velebit", "Vinjerac" and "Pag" with the same lender. The loan funds have been withdrawn in full.

Tankerska Next Generation International Ltd. concluded a loan agreement with Tankerska plovidba International Ltd. on May 27, 2021, for the purpose of financing working capital in the total amount of 3.0 million USD, with a fixed interest rate and repayment period up to May 27, 2024. The loan funds have been withdrawn in full in June 2021.

6. Earnings per Share

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

EARNINGS PER SHARE	Period 1 st Jan – 30 th Jun 2020	Period 1 st Jan – 30 th Jun 2021
Net (loss) / profit to shareholders	HRK 32.454	(HRK 5.026.645)
Weighted average number of shares	8.711.956	8.705.817
Basic (loss) / earnings per share	HRK 3,73	(HRK 0,58)

7. Transactions with the Related Parties

RELATED PARTY TRANSACTIONS	Period 1 st Jan – 30 th Jun 2020	Period 1 st Jan – 30 th Jun 2021
Sales to related parties	HRK 0	HRK 0
Purchase from related parties	HRK 8.899.343	HRK 8.611.987
Receivables from related parties	HRK 0	HRK 0
Liabilities towards related parties	HRK 6.629.824	HRK 3.931.037
Given loans to related parties	HRK 0	HRK 0
Received loans from related parties	HRK 0	(HRK 18.722.347)

7. Subsequent events after Balance Sheet date

Impact of COVID-19 on the Company's operations

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

Apart from the above, there were no other events after the balance sheet date that would significantly affect the Company's financial statements as at June 30th, 2021.

Statement of responsibility for the financial statements

UNAUDITED FINANCIAL STATEMENTS FOR THE
SECOND QUARTER AND THE FIRST SIX MONTHS OF 2021

TNG
Tankerska Next Generation

The financial statements for the period starting January 1st, 2021 and ending June 30th, 2021, have been prepared by applying the International Financial Reporting Standards and provide an accurate and truthful review of assets, liabilities, profit and loss, financial position and operating of the Company.

The report of the Management Board on the Company's operations for the period starting on January 1st, 2021, and ending on June 30th, 2021, contains a fair presentation of the Company's development, operating results and position with the description of significant risks and uncertainty the Company is exposed to.

Zadar, July 29th, 2021



John Karavanić, CEO

The Group uses a variety of industry terms and concepts when analysing its own performance. These include the following:

Revenue Days. Revenue Days represent the total number of calendar days the Group's vessels were in possession of the Group during a period, less the total number of Off-Hire Days during that period generally associated with repairs, drydocking or special or intermediate surveys.

Consequently, Revenue Days represent the total number of days available for a vessel to earn revenue. Idle days, which are days when a vessel is available to earn revenue, yet is not employed, are included in Revenue Days. The Group uses Revenue Days to explain changes in its net voyage revenues (equivalent to time charter earnings) between periods.

Off-Hire Days. Off-Hire Days refer to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs or drydocking.

When a vessel is off-hire, or not available for service, the charterer is generally not required to pay the charter hire rate and the Group will be responsible for all costs, including the cost of fuel bunkers unless the charterer is responsible for the circumstances giving rise to the lack of availability. Prolonged off-hire may obligate the vessel owner to provide a substitute vessel or permit the charter termination.

The Group's vessels may be out of service, that is, off-hire, for several reasons: scheduled drydocking, special surveys, vessel upgrade or maintenance or inspection, which are referred to as scheduled off-hire; and unscheduled repairs, maintenance, operational deficiencies, equipment breakdown, accidents/incidents, crewing strikes, certain vessel detentions or similar problems, or charterer's failure to maintain the vessel in compliance with its specifications and contractual and/or market standards (for example major oil company acceptances) or to man a vessel with the required crew, which is referred to as unscheduled off-hire.

Operating Days. Operating Days represent the number of days the Group's vessels are in operation during the year. Operating Days is a measurement that is only applicable to owned and not bareboated or chartered-in vessels. Where a vessel is under the Group's ownership for a full year, Operating Days will generally equal calendar days. Days when a vessel is in a dry dock are included in the calculation of Operating Days as the Group still incurs vessel operating expenses.

Operating Days are an indicator of the size of the fleet over a period of time and affect both revenues and expenses recorded during that period.

Time Charter Equivalent (TCE). TCE is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time

charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed per day as charter hire rates for vessels on time charters are. Therefore the net equivalent of a daily time voyage rate is expressed in net daily time charter rate.

(Net) TCE earnings. The Group defines time charter equivalent earnings, or TCE earnings, as vessel revenues less commissions and voyage-related costs (both major and minor) during a period.

(Net) TCE rates. The Group defines time charter equivalent rates, or **TCE rates**, as vessel revenues less commission and voyage related costs (both major and minor) during a period divided by the number of Revenue Days during that period. TCE rates is a measure of the average daily revenue performance of a vessel or a fleet, achieved on a given voyage or voyages and it is expressed in US dollars per day. TCE rates correspond to the net voyage earnings per day. The Group's definition of TCE rates may not be the same as that used by other companies in the shipping or other industries. The Group uses the foregoing methodology for calculating TCE rates and TCE earnings in cases of both time charter and voyage charter contracts.

Gross Time Charter rates (GTC rates). The Group defines gross time charter rates, or GTC rates, as vessel revenues during a period divided by the number of Revenue Days during that period. GTC rates should reflect the average daily charter rate of a vessel or a fleet and is expressed in US dollars per day. The Group's definition of GTC rate may not be the same as that used by other companies in the shipping or other industries.

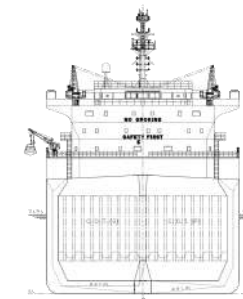
Daily vessel operating expenses. Daily vessel operating expenses is a metric used to evaluate the Group's ability to efficiently operate vessels incurring operating expenses and to limit these expenses.

Daily vessel operating expenses represent vessel operating expenses divided by the number of Operating Days of vessels incurring operating expenses and is expressed in US dollars per day.

Average number of vessels. Historical average number of owned vessels consists of the average number of vessels that were in the Group's possession during a period. The Group uses average number of vessels primarily to highlight changes in vessel operating costs.

Fleet utilization. Fleet utilization is the percentage of time that the Group's vessels generate revenues. The shipping industry uses fleet utilization to measure a company's efficiency in finding employment for its vessels and in minimizing the number of days that its vessels are off-hire for reasons such as scheduled repairs, drydocking, surveys or other reasons other than

commercial waiting time. Fleet utilization is calculated by dividing the number of Revenue Days during a period by the number of Operating Days during that period.



The Group's performance can be affected by some of the following types of charter contracts:

Time charter. Time charter is a contract under which a charterer pays a fixed daily hire rate on a semi-monthly or monthly basis for a fixed period of time for using the vessel. Subject to any restrictions in the charter, the charterer decides the type and quantity of cargo to be carried and the ports of loading and unloading. Under a time charter the charterer pays substantially all of the voyage-related costs (etc. port costs, canal charges, cargo manipulation expenses, fuel expenses and others). The vessel owner pays commissions on gross voyage revenues and the vessel operating expenses (etc. crew wages, insurance, technical maintenance and other).

Time charter rates are usually fixed during the term of the charter. Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating under voyage charters in the spot market during periods characterized by favourable market conditions. Prevailing time charter rates fluctuate on a seasonal and year-on-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time

charter rates is lower for longer-term time charters compared to shorter-term time charters.

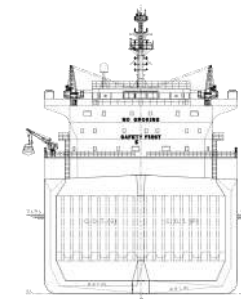
Voyage charter. Voyage charter involves the carriage of a specific amount and type of cargo from a specific loading port(s) to a specific unloading port(s) and most of these charters are of a single voyage nature. The owner of the vessel receives one payment derived by multiplying the tonnes of cargo loaded on board by the cost per cargo tonne. The owner is responsible for the payment of all expenses including commissions, voyage-related costs, operating expenses and capital costs of the vessel. The charterer is typically responsible for any costs associated with any delay at the loading or unloading ports. Voyage charter rates are volatile and fluctuate on a seasonal and year-on-year basis.

Other charters. Besides the two most common charters (time and voyage) the shipping industry provides other types of contracts between the ship owner and the charterer:

- **Bareboat charter.** Bareboat charter is a contract pursuant to which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, and the charterer provides for all of the vessel's operating expenses in addition to

the commissions and voyage related costs, and generally assumes all risk of operation. The charterer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during the term of the charter consistent with applicable classification society requirements.

- **Time charter trip.** Time charter trip is a short term time charter where the vessel performs a single voyage between loading port(s) and unloading port(s). Time charter trip has all the elements of a time charter including the upfront fixed daily hire rate.



Important financial and operating terms and concepts

The Group uses a variety of financial and operational terms and concepts when analysing its own performance. These include the following:

Vessel revenues. The Group generates revenues by charging customers for the transportation of their oil products using its own vessels. Historically, the Operating Fleet's services have generally been provided under time charters although the Group may enter into voyage charters in the future. The following describes these basic types of contractual relationships:

Time charters, under which the vessels are chartered to customers for a fixed period of time at rates that are generally fixed; and
Voyage charters, under which the vessels are chartered to customers for shorter intervals that are priced on a current or "spot" market rate

Under a time charter the charterer pays substantially all of the voyage-related costs. The vessel owner pays commissions on gross vessel revenues and also the vessel operating expenses. Time charter rates are usually fixed during the term of the charter.

Vessels operating under time charters provide

more predictable cash flows over a given period of time, but can yield lower profit margins than vessels operating under voyage charters in the spot market during periods characterized by favourable market conditions. Prevailing time charter rates fluctuate on a seasonal and year-on-year basis reflecting changes in spot charter rates, expectations about future spot charter rates and other factors. The degree of volatility in time charter rates is lower for longer-term time charters as opposed to shorter-term time charters.

Other revenues. Other revenues primary includes revenues from charterers for other services and revenues from profit commission on insurance policies.

Primary distinction among these types of charters and contracts

	Time charter	Voyage charter
Typical contract length	1-5 years	Single voyages, consecutive voyages and contracts of affreightment (COA)
Hire rate basis (1)	Daily	Varies
Commercial fee (2)	The Group pays	The Group pays
Commissions (2)	The Group pays	The Group pays
Major Vessel related costs (2)	Customer pays	The Group pays
Minor Vessel related cost (2)	The Group pays	The Group pays
Vessel operating costs (2)	Customer does not pay	Customer does not pay
(1) 'Hire' rate refers to the basic payment from the charterer for the use of the vessel		
(2) See 'Important Financial and Operational Terms and Concepts below'		
(3) 'Off-hire' refers to the time a vessel is not available for service due primarily to scheduled and unscheduled repairs and drydockings		

Commercial fee. Commercial fees expenses include fees paid to the Fleet Manager, under the Management Agreement, for providing the Group with chartering and commercial management services.

Commissions. Commissions are realized in two basic forms: addressed commission and brokerage commission.

Addressed commission is commission payable by the ship owner to the charterer, regardless of charter type and is expressed as a percentage of the freight or hire. This commission is a reimbursement to the charterer for costs incurred in relation to the chartering of the vessel either to third party brokers or by the charterer's shipping department.

Brokerage commission is payable under a time charter on hire. Subject to the precise wording of the charter, the broker's entitlement to commission will therefore only arise when the charterers remit hire or is recovered by some other means. Commission under a voyage charter is payable on freight, and may also be payable on deadfreight and demurrage.

Voyage-related costs. Voyage-related costs are typically paid by the ship owner under voyage charters and by the customer under time charters. Voyage-related costs are all expenses which pertain to a specific voyage. The Group differs major and minor voyage-related costs.

Most of the voyage-related costs are incurred in connection with the employment of the fleet on the spot market (voyage charter) and under COAs (contracts of affreightment). Major voyage-related costs include bunker fuel expenses, port fees, cargo loading and unloading expenses, canal tolls, agency fees, extra war risks insurance and any other expenses related to the cargo are typically paid by the customer.

Minor voyage-related expenses such as draft surveys, tank cleaning, postage and other minor miscellaneous expenses related to the voyage may occur and are typically paid by the ship owner. From time to time, the ship owner may also pay a small portion of above mentioned major voyage-related costs.

Vessel operating costs. The Group is responsible for vessel operating costs which include crewing, repairs and maintenance, lubricants, insurance, spares, stores, registration and communication and sundries.

Vessel operating costs also includes management fees paid to the Fleet Manager, under the Management Agreement, for providing the Group with technical and crew management, insurance arrangements and accounting services.

The largest components of vessel operating costs are generally crews and repairs and maintenance. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs

and maintenance typically occur during periodic drydocking. These expenses may tend to increase as these vessels mature and thus the extent of maintenance requirements expands.

Depreciation and amortization. The Group depreciates the original cost, less an estimated residual value, of its vessels on a straight-line basis over each vessel's estimated useful life. The estimated useful life of 25 years is the Management Board's best estimate and is also consistent with industry practice for similar vessels. The residual value is estimated as the lightweight tonnage of each vessel multiplied by an estimated scrap value (cost of steel) per tone. The scrap value per tone is estimated taking into consideration the historical Indian sub-continent five year scrap market rate.

Depreciation expense typically consists of charges related to the depreciation of the historical cost of the vessels (less an estimated residual value) over the estimated useful lives of the vessels and charges relating to the depreciation of upgrades to vessels, which are depreciated over the shorter of the vessel's remaining useful life or the life of the renewal or upgrade. The Group reviews the estimated useful life of vessels at the end of each annual reporting period.

Drydocking and surveys (special and intermediate).

The vessels are required to undergo planned drydocking for replacement of certain components, major repairs and maintenance of other components, which cannot be carried out while the vessels are operating, approximately every 30 months or 60 months depending on the nature of work and external requirements. The Group intend to periodically drydock each of vessels for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. The number of drydocking undertaken in a given period and the nature of the work performed determine the level of drydocking expenses.

Vessel impairment. The carrying amounts of the vessels are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exists, the vessel's recoverable amount is estimated. Vessels that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The carrying values of the vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuilds. Historically, both the charter rates and vessel values have been cyclical in nature.

Management Board's judgment is critical in assessing whether events have occurred that may impact the carrying value of the vessels and in developing estimates of future cash flows, future charter rates, vessel operating expenses, and the estimated useful lives and residual values of those vessels. These estimates are based on historical trends as well as future expectations. Management Board's estimates are also based on the estimated fair values of their vessels obtained from independent ship brokers, industry reports of similar vessel sales and evaluation of current market trends.

General and administrative expenses. General and administrative expenses comprise of the administrative staff costs, management costs, office expenses, audit, legal and professional fees, travel expenses and other expenses relating to administration.

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

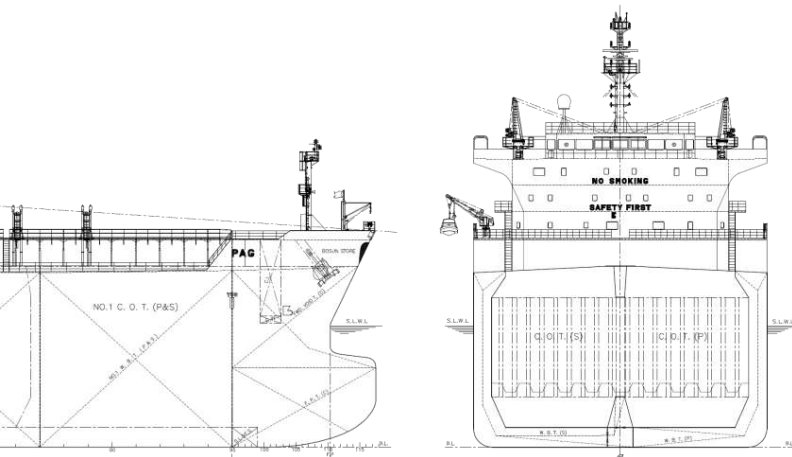
Tonnage tax. The tonnage tax regime is introduced into the Croatian maritime legislation by new amendments to the Maritime Act and is applicable from January 1, 2014. According to the relevant provisions of the Maritime Act ("Maritime Act"), qualifying companies may choose to have their

shipping activities taxed on the basis of the net tonnage of their fleet instead of on the basis of their actual profits. Companies, having opted for the tonnage tax, must remain subject to this regime for the following 10 years. The qualifying company has to be a shipping company liable under the Croatian corporate tax on any profits it generates. Furthermore, it must operate the vessels which satisfy all applicable requirements, and most importantly, the qualifying company must be carrying out the strategic and commercial management activities of vessels in Croatia.

In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Under the tonnage tax regime, the tax liability is not calculated on the basis of income and expenses as under the normal corporate taxation, but is based on the controlled fleet's notional shipping income, which in turn depends on the total net tonnage of the fleet under management.

Summary of expenses. Under voyage charters, the Group will be responsible for commissions, all vessel voyage-related costs and operating expenses. Under time charters, the charterer generally pays commissions, operating expenses and minor voyage-related costs. For both types of contracts the Group is responsible to pay fees to the Fleet Manager, under the Management Agreement.

Important financial and operating terms and concepts



EXPENSE TYPE	MAIN COMPONENTS	TIME CHARTER	VOYAGE CHARTER
Capital	Capital Principal Repayment Interest		
Operating	Crewing Repairs and Maintenance Lubricants Insurance Spares and stores Registration, communication and sundries <i>Management fee*</i> - <i>technical management</i> - <i>crew management</i> - <i>insurance arrangements</i> - <i>accounting services</i>		
Commissions	Address Brokerage		
Commercial fee*	<i>Chartering and commercial management services</i>		
Voyage (minor)	Draft surveys Tank cleaning Postage Other minor miscellaneous expenses		
Voyage (major)	Bunker fuel expenses Port fees Cargo loading and unloading expenses Canal tolls Agency fees Extra war risks insurance Other expenses related to the cargo		

Ship-owner payments

Charterer payments

* fees paid to the Fleet Manager, under the Management Agreements

Cautionary note regarding forward-looking statements

Certain statements in this document are not historical facts and are forward-looking statements. They appear in a number of places throughout this document. From time to time, the Group may make written or oral forward-looking statements in reports to shareholders and in other communications. Forward-looking statements include statements concerning the Group's plans, objectives, goals, strategies, future events, future revenues or performance, capital expenditure, financing needs, plans or intentions relating to acquisitions, competitive strengths and weaknesses, business strategy and the trends which the Group anticipates in the industries and the political and legal environment in which it operates and other information that is not historical information.

Words such as „believe“, „anticipate“, „estimate“, „expect“, „intend“, „predict“, „project“, „could“, „may“, „will“, „plan“ and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements.

By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Prospective investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Such forward-looking statements speak only as of the date on which they were made.

Accordingly, the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, other than as required by applicable laws and the Zagreb Stock Exchange Rules. The Company makes no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

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