

**Team Tankers International Ltd.**



**1<sup>st</sup> Quarter 2020**

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Team Tankers International Ltd. (“Team Tankers” or the “Company”) is an international shipping company incorporated in Hamilton, Bermuda. With a fleet of 38 vessels: 30 owned vessels and 8 leased vessels as of the date of this report. The Company is committed to the safe and efficient transportation of liquid bulk cargoes for all its customers and partners.

### Highlights

- The Company reported EBITDA (earnings before interest, taxes, depreciation and amortization) of \$16.5 million in the 1<sup>st</sup> quarter of 2020, compared with \$15.8 million in the 4<sup>th</sup> quarter of 2019 and \$14.0 million in the 1<sup>st</sup> quarter of 2019.
- Net income in the 1<sup>st</sup> quarter of 2020 was \$1.4 million, compared with net loss of \$9.7 million in the 4<sup>th</sup> quarter of 2019 (net loss of \$7.9 million in 1<sup>st</sup> quarter of 2019). Included in the net loss for the 4<sup>th</sup> quarter of 2019 was a vessel impairment charge of \$4.9 million.
- The average time charter equivalent rate (the “TCE”) for the fleet was \$13,812 for the 1<sup>st</sup> quarter of 2020, an increase of 11.9 per cent from \$12,348 in the 4<sup>th</sup> quarter of 2019 and an increase of 13.9 per cent from \$12,123 in the 1<sup>st</sup> quarter of 2019.

### Main events Q1 2020

- In February, the Company redelivered the PVT Neptune (13,056 dwt, built 2008), Silver Linda (49,746 dwt, built 2015) and the Black Star (9,438 dwt, built 2011) following the expiry of the lease periods.
- In February, the Company completed the sale and delivered the Team Tosca (44,999 dwt, built 2004) to buyers. A net loss of \$2.7 million was recognized in 2019 on this transaction. The vessel was included in *Vessels held for sale* in the Company’s Consolidated Statement of Financial Position as of 31 December 2019.
- The Company repurchased 602,818 outstanding shares of its stock at an average price of NOK 5.35 per share during the quarter. At March 31, 2020, the Company held 6,926,894 treasury shares.
- In March 2020, the Company entered into an agreement for a strategic partnership with Maersk Tankers whereby the Company would transfer commercial management of 27 tankers currently owned or leased by the Company to Maersk Tankers. Out of the 27 tankers, nine are 13k dwt coated vessels, four are 25k dwt coated vessels and 14 are MR tankers. By taking over the vessels’ commercial management, Maersk Tankers enters two new segments in which it establishes two new pools. Under the agreement, employees within the Company’s operations, chartering and bunker management departments would transfer from the Company to Maersk Tankers’ offices in Copenhagen, Houston, and Singapore. The cooperation commenced on 1 April 2020 and the vessels are in process of entering the pool arrangements.

- In March 2020, the Company entered into an agreement to establish a joint venture (“JV”) with ship management specialist V.Group, whereby the Company would transfer its in-house managed fleet, consisting of ten MRs and two 25k dwt coated vessels, to the JV along with its on-shore technical organization and seafaring expertise. The Company already had 21 vessels technically managed by V.Group. As part of the agreement, the Company would own 30% and V.Group 70% of the JV, Dania Ship Management AS Denmark. Dania Ship Management AS Denmark will continue to be based in Copenhagen. The JV will benefit both parties by bringing together a valuable technical and crewing organization from the Company with V.Group’s global reach and expertise. The Company will have access to the groundbreaking IT system ShipSure developed by V.Group that will enhance safety and efficiency. The JV will also provide procurement advantages to the Company from the scale of V.Group. The JV will ensure full and seamless continuity of management for Team both ashore and on board the Company’s ships with functions continuing to be performed by the same staff, officers and crew. The JV commenced on 1 April 2020.
- The novel coronavirus outbreak was officially recognized as a pandemic by the World Health Organization (“WHO”) on 11 March 2020 and, as of the date of this report, has had significant negative impact on the global economy. The Company has experienced a negative impact on the demand for the Regional Coated CGU vessels trading in Asia and, while it is still unclear to what extent the pandemic will affect the Company’s trading performance going forward, it is likely that the pandemic will affect the performance of all of its CGUs negatively over time. The difficulty in estimating the impact is exacerbated by the crash in oil prices and the strong underlying demand for tankers as of the time of this report. The Company’s onshore employees are working from home and the Company is working to keep its crew safe and to enable crew changes despite the current travel and port restrictions across the globe. If the pandemic lasts for a prolonged period with a corresponding impact on the world economy and tanker shipping, it could impact the Company negatively through lower earnings, asset price declines and increased financing costs.

### Subsequent Events

- In May 2020, the Company completed the sale and delivered to buyers the Team Toccata (44,999 dwt, built 2004). The vessel was included in *Vessels held for sale* in the Company’s Consolidated Statement of Financial Position as of 31 December 2019.
- In May 2020, the Company redelivered the Tintomara (44,999 dwt, built 2003) following the expiry of the lease period.

### Financial review

#### First quarter 2020 income statement

The Company reported total freight revenue of \$79.7 million in the 1<sup>st</sup> quarter of 2020, a decrease of \$1.2 million or 1.5 per cent as compared with \$80.9 million in the 4<sup>th</sup> quarter of 2019. Voyage expenses of \$29.4 million in the 1<sup>st</sup> quarter of 2020 decreased 1.9 per cent as compared to \$29.9 million in the 4<sup>th</sup> quarter of 2019. Freight income on T/C basis was \$50.3 million, which represents a \$0.7 million decrease from the previous quarter (\$51.0 million in the 4<sup>th</sup> quarter 2019). The decrease in revenue and voyage expenses was primarily a result of fewer on-hire days due to vessel sales and redeliveries. The freight market improved in the 1<sup>st</sup> quarter of 2020, particularly in the MR market, leading to an increased TCE of \$13,812 compared to \$12,348 in the previous quarter.

Ship operating expenses were \$25.1 million in the 1<sup>st</sup> quarter of 2020, a \$3.0 million decrease from \$28.1 million in the 4<sup>th</sup> quarter of 2019 due to lower ship repair and maintenance costs. Charterhire expenses were \$3.6 million compared with \$1.9 million in the 4<sup>th</sup> quarter of 2019, an increase of \$1.7 million due to additional short-term time charter options exercised on vessels and quarterly profit share recorded for three bareboat charters. General and administrative expenses were \$5.1 million in the 1<sup>st</sup> quarter of 2020, a decrease of \$0.2 million from \$5.2 million in the previous quarter. EBITDA in the 1<sup>st</sup> quarter of 2020 was \$16.5 million compared with \$15.8 million in the previous quarter (\$14.0 million in the 1<sup>st</sup> quarter of 2019).

Depreciation and amortization expenses were \$13.2 million in the 1<sup>st</sup> quarter of 2020, a decrease of \$3.1 million from \$16.3 million in the previous quarter. Other losses of \$0.1 million in the previous quarter included adjustments to the losses on the sales of the Tambourin, Sichem Montreal and Team Tarantella and the estimated losses on the sales of the Team Tosca and Team Toccata. The operating result (EBIT – earnings before interest and taxes) in the 1<sup>st</sup> quarter of 2020 was positive \$3.3 million, compared with negative \$5.5 million in the 4<sup>th</sup> quarter of 2019 due to vessel impairment of \$4.9 million recognized in the 4<sup>th</sup> quarter of 2019 (negative \$3.1 million in the 1<sup>st</sup> quarter of 2019).

Net interest expenses were \$2.6 million in the 1<sup>st</sup> quarter of 2020, a decrease of \$0.7 million from the previous quarter. Other financial items were positive \$0.7 million in the 1<sup>st</sup> quarter of 2019 as compared to negative \$0.9 million from the previous quarter primarily due to the reversal of uncertain tax positions maintained by the Company for the tax year ending 31 December 2015.

Net income in the 1<sup>st</sup> quarter of 2020 was \$1.4 million compared with a net loss of \$9.7 million (net loss of \$4.8 million, excluding the vessel impairment) in the previous quarter (net loss of \$7.9 million in the 1<sup>st</sup> quarter of 2019).

#### Balance sheet and Cash Flow as of 31 March 2020

Total book value of the Company's vessels was \$405.9 million as of 31 March 2020, down \$5.9 million from 31 December 2019 due to vessel sales and depreciation.

The Company adopted IFRS 16, Leases, on 1 January 2019. The new leasing standard impacted the operational lease-in of vessels and properties which requires lessees to recognize *Right-of-use assets* and lease liability obligations based on discounted payments required under the leases. As of 31 March 2020, the Company had 8 vessels and 3 properties on operational lease-in. The total *Right-of-use assets* were \$40.0 million and total *short term* and *long-term lease obligations* were \$43.0 million.

Total *short term* and *long-term debt* was \$145.1 million at the end of the 1<sup>st</sup> quarter of 2020, down from \$155.4 million at the end of the previous quarter. Included in the total debt are *Liabilities associated with vessels held for sale* of \$3.9 million at the end of the 1<sup>st</sup> quarter of 2020, down from \$7.8 million at the end of the previous quarter. The amount represents the portion of the Company's credit facility expected to be prepaid upon the sale and delivery of the Team Tosca and Team Toccata. During the 1<sup>st</sup> quarter of 2020, principal prepayments were made related to the sale of the Team Tosca. In the 1<sup>st</sup> quarter, \$23.9 million was classified as *Current portion of long-term debt*, reflecting the repayment schedule of the \$220.0 million financing agreement.

Total *cash and cash equivalents* amounted to \$44.1 million as of 31 March 2020, an increase of \$1.0 million compared to the previous quarter. The Company had \$20.0 million undrawn under the revolving credit facility.

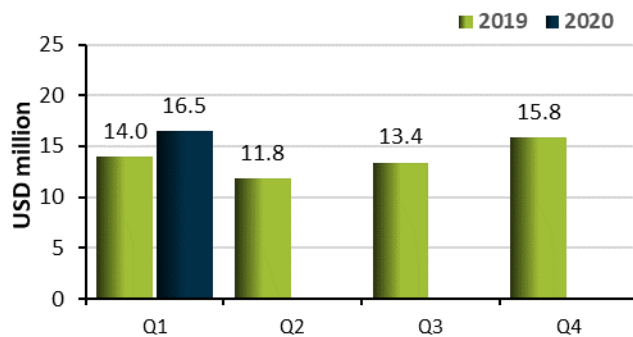
*Total equity* as of 31 March 2020 was \$335.8 million, compared with \$334.8 million at the end of the previous quarter. The equity ratio of the Company was approximately 59 per cent at the end of the 1<sup>st</sup> quarter of 2020 and 57 per cent at the end of the 4<sup>th</sup> quarter of 2019.

At 31 March 2020, there were 209,578,173 shares outstanding, each with a par value of \$0.01. The share price, as quoted on the Oslo Stock Exchange, ended the 1<sup>st</sup> quarter of 2020 at NOK 5.95 compared with NOK 5.40 at the end of the previous quarter.

### Earnings development

The total cargo volume lifted in the 1<sup>st</sup> quarter of 2020 was 9% percent lower than the volumes lifted in the 4<sup>th</sup> quarter. Total trading days for the Company's fleet dropped 10% compared to the previous quarter due to vessel sales and redeliveries. The average TCE for the fleet increased by 12 per cent during the quarter from \$12,348 to \$13,812 per day and increased by 14 per cent compared with the TCE of \$12,123 per day in the 1<sup>st</sup> quarter of 2019.

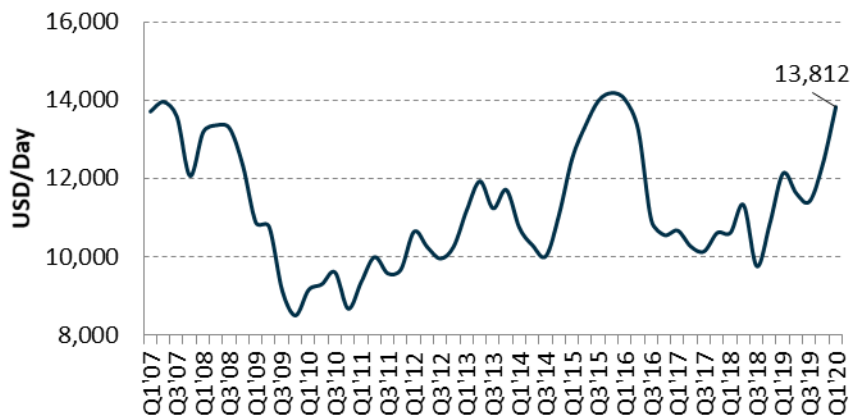
### EBITDA development



### Fleet development

Quarter	Avg Dwt	# vessels EOP	TCE - \$/day
Q1 20	25 572	40	13 812
Q4 19	24 242	44	12 348
Q3 19	25 769	47	11 406
Q2 19	26 169	48	11 611
Q1 19	26 169	48	12 123

### Team Tankers Index (TTI)



The Team Tankers Index (TTI) is based on the company's sailed in time charter equivalent (TCE) earnings per day since 2007. The TTI is calculated using the days the vessels are available to earn revenue (revenue days), and includes revenue earned from COAs and time charters.

## Fleet development

At the end of March 2020, the fleet consisted of 40 vessels, of which 31 were owned and 9 were classified as operational leases.

- In February, the Company redelivered the PVT Neptune (13,056 dwt, built 2008), Silver Linda (49,746 dwt, built 2015) and Black Star (9,438 dwt, built 2011) following the expiry of the lease periods. The Silver Linda charter was classified and capitalized in 2019 as a *Right-of-use asset* in accordance with the rules of IFRS 16 – Leases. As a result of the expired contract in the 1<sup>st</sup> quarter of 2020, the *Right-of-use asset* and *lease obligations* for the Silver Linda were removed from the balance sheet.
- In February, the Company completed the sale and delivered to buyers the Team Tosca (44,999 dwt, built 2004).

One vessel was dry docked and one in-water survey was completed by the end of March 2020 compared with 6 vessels surveyed in the corresponding prior year period.

## Alternative Performance Measures (APMs)

Alternative performance measures (financial performance measures not within the IFRS framework), are used by the Company to provide supplemental information. Financial APMs are intended to enhance comparability from period to period. The APMs are also used internally for management reporting. These measures are adjusted IFRS measures defined, calculated and used in a consistent and transparent manner. Financial APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

*Freight income on T/C basis*: is defined as freight revenue less voyage expenses.

	Q1 2020	Q4 2019
(\$ '000)		
Freight revenue	79 707	80 900
Voyage expenses	(29 384)	(29 940)
<b>Freight income on T/C basis</b>	<b>50 323</b>	<b>50 960</b>

*EBITDA*: is defined as *EBIT* + impairment, depreciation, amortization and (gain)/loss on sale of assets

	Q1 2020	Q4 2019
(\$ '000)		
EBIT	3 309	(5 468)
Depreciation and amortization	13 215	16 326
Loss on sale of vessels	-	70
Vessel impairment	-	4 902
<b>EBITDA</b>	<b>16 524</b>	<b>15 830</b>

Time-Charter Equivalent (TCE): Shipping industry freight rates are commonly measured in terms of “time-charter equivalent” (or TCE) rates, which represent net revenues divided by revenue days.

Hamilton, Bermuda, 11 May 2020

The Board of Directors of Team Tankers International Ltd.

/s/ Jesper Bo Hansen

Jesper Bo Hansen

/s/ Robert P. Burke

Robert P. Burke

/s/ Mads Meldgaard

Mads Meldgaard

/s/ Kevin M. Kennedy

Kevin M. Kennedy

/s/ Tom Higbie

Tom Higbie

/s/ Bryce Fraser

Bryce Fraser

/s/ Mikael Laurin

Mikael Laurin

/s/ Morten Arntzen

Morten Arntzen  
*Chairman of the Board*

/s/ Hans Feringa

Hans Feringa  
*President &  
Chief Executive Officer*



## Consolidated statement of comprehensive income

		2020 Q1	2019 Q4	2019 Q1
	Note	(unaudited)	(unaudited)	(unaudited)
<i>(\$ '000, except per share data)</i>				
Freight revenue		79 707	80 900	83 570
Voyage expenses		(29 384)	(29 940)	(33 479)
<b>Freight income on T/C basis</b>		<b>50 323</b>	<b>50 960</b>	<b>50 091</b>
Ship operating expenses		(25 115)	(28 070)	(27 324)
Charterhire expenses		(3 633)	(1 852)	(2 364)
General and administrative expenses		(5 051)	(5 208)	(6 427)
<b>EBITDA</b>		<b>16 524</b>	<b>15 830</b>	<b>13 976</b>
Vessel impairment		-	(4 902)	-
Depreciation and amortization	3,4	(13 215)	(16 326)	(16 890)
Other gains / (losses)	8	-	(70)	(168)
<b>EBIT</b>		<b>3 309</b>	<b>(5 468)</b>	<b>(3 082)</b>
Interest income		52	106	68
Interest expenses		(2 658)	(3 409)	(4 093)
Other financial items		665	(926)	(810)
<b>Profit / (loss) before tax</b>		<b>1 368</b>	<b>(9 697)</b>	<b>(7 917)</b>
Income tax expense		-	-	-
<b>Net profit / (loss)</b>		<b>1 368</b>	<b>(9 697)</b>	<b>(7 917)</b>
Value adjustments of hedging instruments		(562)	18	359
Foreign currency translation differences		(61)	103	(78)
<b>Total items that may be reclassified to profit or loss</b>		<b>(623)</b>	<b>121</b>	<b>281</b>
<b>Other comprehensive income/(loss), net of tax</b>		<b>(623)</b>	<b>121</b>	<b>281</b>
<b>Total comprehensive income</b>		<b>745</b>	<b>(9 576)</b>	<b>(7 636)</b>
<i>Attributable to owners of the parent</i>		<i>745</i>	<i>(9 576)</i>	<i>(7 636)</i>
Earnings per share – basic (USD)		0.01	(0.05)	(0.04)
Earnings per share – diluted (USD)		0.01	(0.05)	(0.04)

See accompanying notes that are an integral part of these consolidated financial statements.

## Consolidated statement of financial position

(\$ '000)		2020 31.03	2019 31.12
	Note	(unaudited)	(audited)
<b>ASSETS</b>			
Vessels	4	405 864	411 749
Right-of-use assets	3	39 996	45 454
Other equipment	4	837	1 033
Other non-current assets		703	1 527
<b>Total non-current assets</b>		<b>447 400</b>	<b>459 763</b>
Trade and other receivables		51 012	46 270
Inventories		10 274	11 928
Other current assets		696	1 009
Cash and cash equivalents	5	44 138	43 131
<b>Total current assets</b>		<b>106 120</b>	<b>102 338</b>
Vessels held for sale	8	12 750	25 250
<b>TOTAL ASSETS</b>		<b>566 270</b>	<b>587 351</b>
<b>EQUITY AND LIABILITIES</b>			
Equity		335 832	334 847
Treasury shares		(69)	(63)
<b>Total Equity</b>	6	<b>335 763</b>	<b>334 784</b>
Long-term debt	7	117 303	123 412
Long-term lease obligations	3	27 282	29 717
Other non-current liabilities		5	107
<b>Total non-current liabilities</b>		<b>144 590</b>	<b>153 236</b>
Trade and other payables		34 574	37 597
Short-term debt and current portion of long-term debt	7	23 869	24 169
Short-term lease obligations	3	15 739	18 943
Other current liabilities		7 811	10 775
<b>Total current liabilities</b>		<b>81 993</b>	<b>91 484</b>
Liabilities associated with vessels held for sale	8	3 924	7 847
<b>Total liabilities</b>		<b>230 507</b>	<b>252 567</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>566 270</b>	<b>587 351</b>

*See accompanying notes that are an integral part of these consolidated financial statements.*

## Consolidated statement of cash flow

(\$ '000)	Note	2020 Q1 (unaudited)	2019 Q4 (unaudited)	2019 Q1 (unaudited)
<b>Operating activities</b>				
Profit / (loss) before taxes		1 368	(9 697)	(7 917)
Depreciation and amortization	3,4	13 215	16 326	16 890
Vessel impairment		-	4 902	-
Loss / (gain) on sale of vessels	8	-	70	168
Interest expenses, net		2 606	3 303	4 025
Foreign currency loss / (gain), net		85	(3)	62
Share-based incentive expense		581	364	639
Working capital and other adjustments		(7 151)	11 049	(7 119)
<b>Net cash flow from operating activities</b>		<b>10 704</b>	<b>26 314</b>	<b>6 748</b>
<b>Investing activities</b>				
Vessel sale proceeds		11 839	7 806	6 184
Capitalized dry dock, owned vessels	4	(2 413)	(1 861)	(3 470)
Capital expenditures, other equipment	4	(8)	-	(151)
Interest received		52	106	68
<b>Net cash flow from investing activities</b>		<b>9 470</b>	<b>6 051</b>	<b>2 631</b>
<b>Financing activities</b>				
Loan proceeds		-	(10 000)	-
Repayment of long-term debt	7	(10 185)	(7 998)	(4 000)
Repayment of obligations under leases	3	(4 848)	(8 379)	(7 781)
Financing costs		(789)	(1 937)	(2 598)
Interest paid		(2 805)	(3 388)	(2 772)
Stock repurchase		(350)	(1 782)	-
<b>Net cash flow from financing activities</b>		<b>(18 977)</b>	<b>(33 484)</b>	<b>(17 151)</b>
<b>Net change in cash and cash equivalents</b>		<b>1 197</b>	<b>(1 119)</b>	<b>(7 772)</b>
Cash balance at beginning of period		43 131	44 030	33 724
Net foreign exchange difference on cash		(190)	220	(159)
<b>Cash and cash equivalents at end of period</b>	5	<b>44 138</b>	<b>43 131</b>	<b>25 793</b>

*See accompanying notes that are an integral part of these consolidated financial statements.*

## Consolidated statement of changes in equity

2020 (unaudited)									
Attributable to equity holders of the parent company									
	Share Capital	Share Premium	Treasury shares	Other paid in capital	Retained losses	Revaluation reserve	Translation reserve	Hedging reserve	Total
(\$ '000)	Paid in capital				Other reserves				
Equity as of 1 January 2020	2 096	22 636	(63)	1 130 261	(829 741)	3 406	6 189	-	334 784
Gain for the period	-	-	-	-	1 368	-	-	-	1 368
Other comprehensive income	-	-	-	-	-	-	(61)	(562)	(623)
<b>Total comprehensive income</b>	-	-	-	-	<b>1 368</b>	-	<b>(61)</b>	<b>(562)</b>	<b>745</b>
Share repurchase	-	-	(6)	(341)	-	-	-	-	(347)
Share-based payments - costs	-	-	-	581	-	-	-	-	581
<b>At 31 March 2020</b>	<b>2 096</b>	<b>22 636</b>	<b>(69)</b>	<b>1 130 501</b>	<b>(828 373)</b>	<b>3 406</b>	<b>6 128</b>	<b>(562)</b>	<b>335 763</b>

2019 (unaudited)									
Attributable to equity holders of the parent company									
	Share Capital	Share Premium	Treasury shares	Other paid in capital	Retained losses	Revaluation reserve	Translation reserve	Hedging reserve	Total
(\$ '000)	Paid in capital				Other reserves				
Equity as of 1 January 2019	2 096	22 636	(39)	1 130 322	(779 635)	3 406	6 291	11	385 088
(Loss) for the period	-	-	-	-	(7 917)	-	-	-	(7 917)
Other comprehensive income	-	-	-	-	-	-	(78)	359	281
<b>Total comprehensive income</b>	-	-	-	-	<b>(7 917)</b>	-	<b>(78)</b>	<b>359</b>	<b>(7 636)</b>
Share repurchase	-	-	-	-	-	-	-	-	-
Share-based payments - costs	-	-	1	572	-	-	-	-	573
<b>At 31 March 2019</b>	<b>2 096</b>	<b>22 636</b>	<b>(38)</b>	<b>1 130 894</b>	<b>(787 552)</b>	<b>3 406</b>	<b>6 213</b>	<b>370</b>	<b>378 025</b>

### Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of subsidiaries in foreign currencies.

### Treasury shares

The treasury shares reserve is used to record purchase of own shares. At 31 March 2020, the Company held 6,926,894 treasury shares.

### Revaluation reserve

The revaluation reserves are used to record step by step revaluations in connection with the purchase of subsidiaries.

### Share-based payments

The Company recorded \$0.6 million as compensation for management equity awards in the 1<sup>st</sup> quarter 2020.

*See accompanying notes that are an integral part of these consolidated financial statements.*

## Notes to the consolidated financial statements

### Note 1 Organization and basis for preparation

Team Tankers International Ltd. (the “Company”) is incorporated and domiciled in Bermuda. The Company is incorporated as an exempted company under the laws of Bermuda and in accordance with the Bermuda Companies Act. The address of its registered office is Williams House, 4<sup>th</sup> Floor, 20 Reid Street, Hamilton HM 11, Bermuda.

### Note 2 Significant accounting policies

#### *Basis of preparation*

The interim consolidated financial statements for the Company are prepared in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as issued by the International Accounting Standards Board (IASB) and adopted by the European Union (EU). No new accounting standards with impact have been implemented with effect from 1 January 2020.

#### *Judgments, estimates and assumptions*

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. A change in an accounting estimate is recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### *Significant accounting principles*

The accounting principles used to prepare these interim financial statements are consistent with those used to prepare prior annual financial statements. The interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the 2019 annual financial statements which is available on the Company’s website [www.teamtankers.com](http://www.teamtankers.com).

As a result of rounding adjustments, the figures in one or more columns may not add up to the total of that column.

#### *Segment information*

The Company has one reportable segment; tanker vessels. Accordingly, no segment information is presented in the notes to the consolidated financial statements.

#### *Leases*

IFRS 16, *Leases* was issued in January 2016 and replaces IAS 17 *Leases*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, (the customer (‘lessee’) and the supplier (‘lessor’)). Under IFRS 16, a lessee can choose to apply the standard either using a full retrospective or a modified retrospective approach. The date of adoption was 1 January 2019. The Company assessed the impact of IFRS 16 on its consolidated financial statements in 2019 and the Company’s’ vessels and properties on operational lease-in contracts were reflected in the statement of financial position as of 1 January 2019.

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### Note 3 – Leases

	Right-of-use assets: vessels	Right-of-use assets: properties	Total
(\$ '000)			
<b>At 1 January 2020, net of accumulated depreciation</b>	<b>42 085</b>	<b>3 369</b>	<b>45 454</b>
Expired and terminated leases <sup>1)</sup>	-	(520)	(520)
Depreciation for the period	(4 744)	(194)	(4 938)
<b>At 31 March 2020, net of accumulated depreciation</b>	<b>37 341</b>	<b>2 655</b>	<b>39 996</b>

- 1) Time-charter contracts on the Tintomara and Blue Star expired in January 2020 and Silver Linda was redelivered in February 2020. The *right-of-use assets* were fully depreciated at the times of expiration. The Company's Houston office lease was terminated early and its *right-of-use asset* and *lease obligation* was removed from the balance sheet on March 2020.

	Lease obligation, vessels	Lease obligation, properties	Total
(\$ '000)			
<b>At 1 January 2020</b>	<b>45 179</b>	<b>3 481</b>	<b>48 660</b>
New lease	-	-	-
Expired and terminated lease	-	(561)	(561)
Lease payment	(4 925)	(153)	(5 078)
<b>At 31 March 2020</b>	<b>40 254</b>	<b>2 767</b>	<b>43 021</b>
Non-current	25 060	2 222	27 282
Current	15 194	545	15 739
<b>At 31 March 2020</b>	<b>40 254</b>	<b>2 767</b>	<b>43 021</b>

### Note 4 – Vessels and other equipment

	Vessels	Other equipment	Total
(\$ '000)			
<b>At 1 January 2020, net of accumulated depreciation</b>	<b>411 749</b>	<b>1 033</b>	<b>412 782</b>
Additions (mainly upgrading and docking of vessels)	2 413	8	2 421
Sale and reclassification of vessels <sup>1)</sup>	-	-	-
Reclassifications and other	-	5	5
Depreciation for the period	(8 298)	(209)	(8 507)
<b>At 31 March 2020, net of accumulated depreciation</b>	<b>405 864</b>	<b>837</b>	<b>406 701</b>

- 1) The Company completed the sales of the Team Tosca and Team Toccata and the vessels were classified as *Vessels held of sale* at 31 December 2019 totaling \$25.3 million. The Team Tosca was delivered to its buyer on 5 February 2020. The combined estimated loss on the vessel sales was \$5.1 million at 31 December 2019. The Team Toccata was classified as *Vessels held of sale* at 31 March 2020 totaling \$12.8 million.

Overall, the Company has not experienced a significant negative impact during Q1 2020 due to COVID-19, with a fleet TCE improvement in Q1 2020 compared to Q4 2019. The Company has, however, experienced a negative impact on demand for the Regional Coated vessels trading in Asia during Q1 2020 and is closely following the rate and value development of this CGU and the entire fleet going forward. No impairment need is triggered for Q1 2020, but the Company will thoroughly follow up on COVID-19-related developments, their impact on tanker shipping and the value of the Company's assets.

#### Note 5 – Cash and cash equivalents

	2020 31.03	2019 31.12
(\$ '000)	(unaudited)	(audited)
Banks	43 179	42 200
Petty cash	664	631
Restricted cash	295	300
<b>Cash and cash equivalents</b>	<b>44 138</b>	<b>43 131</b>

At the end of the 1<sup>st</sup> quarter, a total of \$20.0 million of the Company's credit facility was undrawn.

#### Note 6 – Share capital

	Number of shares	Share capital \$ '000
<b>At 1 January 2020</b>	<b>209 578 173</b>	<b>2 096</b>
Changes in shares and share capital in the period	-	-
<b>At 31 March 2020</b>	<b>209 578 173</b>	<b>2 096</b>

The Company's share capital was \$2,095,782 at 31 March 2020. Outstanding shares were 209,578,173, each with a par value of \$0.01.

#### Note 7 – Long-term debt

Bank loans (\$ '000)	Bank Loans	Obligations under leases	Total
<b>Balance at 31 December 2019</b>	<b>155 428</b>	<b>48 660</b>	<b>204 088</b>
Expired and terminated lease	-	(561)	(561)
Installments on financing repayment	(6 262)	-	(6 262)
Prepayment on credit facility following vessel sales	(3 923)	-	(3 923)
Payment on lease obligations	-	(5 078)	(5 078)
Amortization of debt issuance costs	(147)	-	(147)
<b>Balance at 31 March 2020</b>	<b>145 096</b>	<b>43 021</b>	<b>188 117</b>
Non-current	117 303	27 282	144 585
Current <sup>1)</sup>	27 793	15 739	43 532
<b>Balance at 31 March 2020</b>	<b>145 096</b>	<b>43 021</b>	<b>188 117</b>

1) Liabilities associated with vessels held for sale of \$3.9 million included as current portion of long-term debt.

**Note 8 – Vessels held for sale**

At 31 March 2020, the Company had one *Vessel held for sale* totaling \$12.8 million as compared to two *Vessels held for sale* as of 31 December 2019 for \$25.3 million. Vessels held for sale were stated at fair value less costs to sell. In 2019, the estimated loss on the sale of the Team Tosca and Team Toccata was \$5.1 million. The Team Toccata was delivered to new owners in May 2020.

As required under the Credit Facility, a portion of the vessel sale proceeds are used to prepay the debt obligation. The amount of the prepayment is classified as *Liabilities associated with vessels held for sale*. The total estimated debt prepayment for the one *Vessel held for sale* at the end of the 1<sup>st</sup> quarter of 2020 was \$3.9 million as compared two vessels of \$7.8 million at the end of the 4<sup>th</sup> quarter of 2020.



## Fleet list

Vessel	Built	Coating	DWT	Ownership	Flag
Sichem Croisic	2001	Stainless Steel	7 721	Owned	Malta
Sichem Lily	2009	Stainless Steel	8 109	Owned	Malta
Sichem Orchid	2008	Stainless Steel	8 115	Owned	Malta
Sichem Iris	2008	Stainless Steel	8 139	Operational lease	Malta
Sichem Palace	2004	Stainless Steel	8 807	Owned	Malta
Sichem Ruby	2006	Stainless Steel	8 824	Owned	Malta
Sichem Amethyst	2006	Stainless Steel	8 817	Owned	Malta
Team Sapphire	2004	Stainless Steel	8 907	Owned	Malta
Blue Star	2011	Stainless Steel	9 438	Operational lease	Malta
Tour Pomerol	1998	Stainless Steel	10 379	Owned	Malta
Sichem Challenge	1998	Stainless Steel	12 180	Owned	Bermuda
Sichem Mississippi	2008	Stainless Steel	12 273	Operational lease	Panama
Sichem Marseille	2007	Coated	12 927	Owned	Bermuda
Sichem Melbourne	2007	Coated	12 936	Operational lease	Marshall Island
Sichem New York	2007	Coated	12 945	Owned	Bermuda
Sichem Beijing	2007	Coated	13 068	Owned	Bermuda
Sichem Hong Kong	2007	Coated	13 069	Owned	Bermuda
Sichem Mumbai	2006	Coated	13 084	Owned	Bermuda
Sichem Manila	2007	Coated	13 125	Owned	Malta
Sichem Singapore	2006	Coated	13 141	Owned	Malta
Sichem Rio	2006	Coated	13 162	Owned	Malta
Team Hawk	2008	Coated	25 385	Owned	Malta
Team Falcon	2009	Coated	25 419	Owned	Malta
Sichem Eagle	2008	Coated	25 421	Operational lease	Malta
Sichem Osprey	2009	Coated	25 431	Owned	Malta
Team Cavatina	2010	Coated	44 999	Owned	Liberia
Team Calypso	2010	Coated	44 999	Owned	Liberia
Team Corrido	2011	Coated	44 999	Owned	Liberia
Endo Breeze	2003	Coated	44 999	Operational lease	Liberia
Team Toccata <sup>1)</sup>	2004	Coated	44 999	Owned	Liberia
Tintomara <sup>2)</sup>	2003	Coated	44 999	Operational lease	Liberia
Team Explorer	2007	Coated	46 026	Owned	Bermuda
Team Discoverer	2008	Coated	46 043	Owned	Bermuda
Team Leader	2009	Coated	46 070	Owned	Bermuda
Team Amorina	2012	Coated	46 070	Owned	Liberia
Team Allegro	2012	Coated	46 070	Owned	Liberia
Team Adventurer	2007	Coated	46 099	Owned	Bermuda
Team Voyager	2008	Coated	46 190	Owned	Bermuda
Silver Houston	2015	Coated	49 746	Operational lease	Panama
Silver Eleanor	2015	Coated	49 746	Operational lease	Marshall Island

1) Delivered to new owners in May 2020.

2) Redelivered in May 2020.