



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer: 913 111 621  
Organisasjonsform: Aksjeselskap  
Foretaksnavn: AWILCO ECO TANKERS HOLDING AS  
Forretningsadresse: Beddingen 8  
0250 OSLO

### Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

### Konsern

Mørselskap i konsern: Ja  
Konsernregnskap lagt ved: Ja

### Regnskapsregler

Regler for små foretak benyttet: Nei  
Benyttet ved utarbeidelsen av årsregnskapet til selskapet: Regnskapslovens alminnelige regler  
Benyttet ved utarbeidelsen av årsregnskapet til konsernet: IFRS

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet: Trond Andersen  
Dato for fastsettelse av årsregnskapet: 28.05.2021

### Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert  
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

*Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.*

Brønnøysundregistrene, 29.05.2022



### Resultatregnskap

Beløp i: NOK	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Management fee	8	16 126 000	10 738 000
<b>Sum inntekter</b>		<b>16 126 000</b>	<b>10 738 000</b>
<b>Kostnader</b>			
Employee benefit expenses	8	4 442 000	1 912 000
Administrative expenses	8	4 763 000	4 917 000
<b>Sum kostnader</b>		<b>9 205 000</b>	<b>6 829 000</b>
<b>Driftsresultat</b>		<b>6 921 000</b>	<b>3 909 000</b>
<b>Finansinntekter og finanskostnader</b>			
Renteinntekt fra foretak i samme konsern	8	32 218 000	57 527 000
Annen renteinntekt		1 497 000	3 092 000
Foreign exchange gain		55 103 000	2 850 000
<b>Sum finansinntekter</b>		<b>88 818 000</b>	<b>63 469 000</b>
Rentekostnad til foretak i samme konsern	8	6 222 000	18 734 000
Annen rentekostnad		52 578 000	64 808 000
Foreign exchange loss		50 779 000	9 186 000
Other finance expenses		6 743 000	6 244 000
<b>Sum finanskostnader</b>		<b>116 322 000</b>	<b>98 972 000</b>
<b>Netto finans</b>		<b>-27 504 000</b>	<b>-35 503 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>-20 583 000</b>	<b>-31 594 000</b>
Taxes	2	2 879 000	4 584 000
<b>Ordinært resultat etter skattekostnad</b>		<b>-23 462 000</b>	<b>-36 178 000</b>
<b>Årsresultat</b>		<b>-23 462 000</b>	<b>-36 178 000</b>
<b>Overføringer og disponeringer</b>			
Transferred to/from share premium			36 178 000
Transferred to/from other equity		-23 462 000	
<b>Sum overføringer og disponeringer</b>		<b>-23 462 000</b>	<b>36 178 000</b>



## Resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
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### Balanse

Beløp i: NOK	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	10	509 809 000	1 359 809 000
Lån til foretak i samme konsern	7	993 414 000	1 040 317 000
<b>Sum finansielle anleggsmidler</b>		<b>1 503 223 000</b>	<b>2 400 126 000</b>
<b>Sum anleggsmidler</b>		<b>1 503 223 000</b>	<b>2 400 126 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Receivables		12 138 000	7 014 000
Other curret assets		518 000	546 000
<b>Sum fordringer</b>		<b>12 656 000</b>	<b>7 560 000</b>
<b>Investeringer</b>			
Financial investments	11		4 582 000
<b>Sum investeringer</b>			<b>4 582 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents		323 115 000	75 358 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>323 115 000</b>	<b>75 358 000</b>
<b>Sum omløpsmidler</b>		<b>335 771 000</b>	<b>87 500 000</b>
<b>SUM EIENDELER</b>		<b>1 838 994 000</b>	<b>2 487 626 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital

#### Innskutt egenkapital



### Balanse

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
Share capital	3,4	66 560 000	66 560 000
Overkurs	3,4	613 934 000	709 501 000
<b>Sum innskutt egenkapital</b>		<b>680 494 000</b>	<b>776 061 000</b>
<b>Opptjent egenkapital</b>			
Reserve for valuation variances		-6 633 000	3 574 000
Udekket tap	3	23 462 000	
<b>Sum opptjent egenkapital</b>		<b>-30 095 000</b>	<b>3 574 000</b>
<b>Sum egenkapital</b>		<b>650 399 000</b>	<b>779 635 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	9		1 288 028 000
Ansvarlig lånekapital	9		253 265 000
<b>Sum annen langsiktig gjeld</b>			<b>1 541 293 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>1 541 293 000</b>
<b>Kortsiktig gjeld</b>			
Secured credit facility, due within 1 year	9	1 168 829 000	148 563 000
Leverandørgjeld		58 000	49 000
Kortsiktig konserngjeld	7	506 000	4 308 000
Accrued interests		8 696 000	13 044 000
Other current liabilities		2 002 000	734 000
Accrulse	11	8 504 000	
<b>Sum kortsiktig gjeld</b>		<b>1 188 595 000</b>	<b>166 698 000</b>
<b>Sum gjeld</b>		<b>1 188 595 000</b>	<b>1 707 991 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>1 838 994 000</b>	<b>2 487 626 000</b>



## Konsernets resultatregnskap

Beløp i: USD	Note	2020	2019
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Operating revenues		101 952 000	45 286 000
<b>Sum inntekter</b>		<b>101 952 000</b>	<b>45 286 000</b>
<b>Kostnader</b>			
Employee benefit expenses		500 000	215 000
Depreciation	9	14 657 000	14 255 000
Administrative expenses	4	800 000	1 007 000
Operating expenses vessels	4	13 104 000	13 109 000
<b>Sum kostnader</b>		<b>29 061 000</b>	<b>28 586 000</b>
<b>Driftsresultat</b>		<b>72 891 000</b>	<b>16 700 000</b>
<b>Finansinntekter og finanskostnader</b>			
Finance income	5	198 000	582 000
<b>Sum finansinntekter</b>		<b>198 000</b>	<b>582 000</b>
Finance expenses	5	7 098 000	10 107 000
<b>Sum finanskostnader</b>		<b>7 098 000</b>	<b>10 107 000</b>
<b>Netto finans</b>		<b>-6 900 000</b>	<b>-9 525 000</b>
<b>Ordinært resultat før skattekostnad</b>			
Taxes	12	219 000	528 000
<b>Ordinært resultat etter skattekostnad</b>		<b>65 772 000</b>	<b>6 647 000</b>
<b>Årsresultat</b>		<b>65 772 000</b>	<b>6 647 000</b>



### Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
<b>Varige driftsmidler</b>			
Vessels and other fixed assets	9	293 178 000	307 835 000
<b>Sum varige driftsmidler</b>		<b>293 178 000</b>	<b>307 835 000</b>
<b>Sum anleggsmidler</b>		<b>293 178 000</b>	<b>307 835 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
Inventory		532 000	7 471 000
<b>Sum varer</b>		<b>532 000</b>	<b>7 471 000</b>
<b>Fordringer</b>			
Trade receivables	8		992 000
Other current assets	8	560 000	6 020 000
<b>Sum fordringer</b>		<b>560 000</b>	<b>7 012 000</b>
<b>Investeringer</b>			
Financial investments	7		522 000
<b>Sum investeringer</b>			<b>522 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Cash and cash equivalents	6	45 746 000	24 065 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>45 746 000</b>	<b>24 065 000</b>
<b>Sum omløpsmidler</b>		<b>46 838 000</b>	<b>39 070 000</b>
<b>SUM EIENDELER</b>		<b>340 016 000</b>	<b>346 905 000</b>

### BALANSE - EGENKAPITAL OG GJELD

#### Egenkapital



## Konsernets balanse

Beløp i: USD	Note	2020	2019
<b>Innskutt egenkapital</b>			
Share capital	15	8 332 000	8 332 000
Overkurs	15	170 795 000	181 424 000
<b>Sum innskutt egenkapital</b>		<b>179 127 000</b>	<b>189 756 000</b>
<b>Opptjent egenkapital</b>			
Other equity	15	16 250 000	
Udekket tap	15		48 223 000
<b>Sum opptjent egenkapital</b>		<b>16 250 000</b>	<b>-48 223 000</b>
<b>Sum egenkapital</b>		<b>195 377 000</b>	<b>141 533 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	13		148 321 000
Ansvarlig lånekapital	13		28 845 000
<b>Sum annen langsiktig gjeld</b>			<b>177 166 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>177 166 000</b>
<b>Kortsiktig gjeld</b>			
Current portion of long-term debt	13	137 889 000	16 920 000
Leverandørgjeld		73 000	5 061 000
Other current liabilities and accruals		5 680 000	6 225 000
Financial investments		997 000	
<b>Sum kortsiktig gjeld</b>		<b>144 639 000</b>	<b>28 206 000</b>
<b>Sum gjeld</b>		<b>144 639 000</b>	<b>205 372 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>340 016 000</b>	<b>346 905 000</b>



**Skattedirektoratet**

Saksbehandler Torstein Kinden Helleland	Deres dato 10.11.2014	Vår dato 17.11.2014
Telefon 22078139	Deres referanse Jens Julius Ramdahl Nygaard	Vår referanse 2014/827677

AWILHELMSSEN MANAGEMENT AS  
Postboks 1583, VIKÅ  
0118 OSLO

**Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Awilco Eco Team Holding AS, org. nr. 913 111 621**

Vi viser til deres brev av 10. november 2014 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk på vegne av Awilco Eco Team Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Awilco Eco Team Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen forutsetter at opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

**Bakgrunn**

Awilco Eco Tankers Holding AS er et relativt nyetablert selskap innen skipsfartsnæringen. Selskapet er eid med 50 % av norsk aksjonær og 50 % av aksjonær hjemmehørende i Luxembourg. Selskapets hovedaktiviteter er å eie og operere tankskip for internasjonal oljetransport, og har gjennom heleide datterselskap inngått kontrakt om bygging av fire VLCC tankskip. Selskapet opererer i en internasjonal bransje hvor engelsk er det klart dominerende språket. Virksomheten er internasjonal og alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. Arbeidsspråket er engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

**Skattedirektoratets vurdering**

Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

Postadresse  
Postboks 9200 Grønland  
0134 Oslo

Besøksadresse:  
Se [www.skatteetaten.no](http://www.skatteetaten.no)  
Org.nr: 996250318  
E-post: [skatteetaten.no/sendepost](mailto:skatteetaten.no/sendepost)

Sentraltbord  
800 80 000  
Telefaks  
22 17 08 60



*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon.”*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *“informative regnskaper for ulike grupper av regnskapsbrukere”*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt særlig vekt på selskapet er eid med 50 % av norsk aksjonær og 50 % av aksjonær hjemmehørende i Luxembourg. Eierkretsen er begrenset. Arbeidsspråket er engelsk. Videre er det vektlagt at selskapet driver virksomhet i en internasjonal bransje der alle aktører behersker og benytter engelsk språk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Rune Tystad  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

Torstein Kinden Helleland

*Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer*



**Consolidated financial statements**

**2020**

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**Awilco Eco Tankers Holding Group**

Company registration number 913 111 621

000 - 0 - 000



## **Awilco Eco Tankers Holding AS Board of Directors Report for 2020**

### Corporate information

Awilco Eco Tankers Holding AS was incorporated at 13 January 2014. The business of the company is shipping and activities related hereto. The business activity also includes the acquisition, management, mortgaging and sale of capital assets in the shipping business, in addition to investment in shares, bonds and partnership contribution of all and any type connected with shipping, as well as participation in the form of ownership holdings in other shipping companies, and other business naturally connected hereto.

The Awilco Eco Tankers Holding Group entered in 2014 into four new-building contracts for 300.000 dwt very large crude carriers (VLCCs) with eco-efficient design at Daewoo Shipbuilding & Marine Engineering Co Ltd (DSME) in Korea. The four vessels were delivered between June and October 2016.

The registered business address of the Company is in Oslo, Norway.

### Strategy

The main strategy for the Group is to create shareholder value through the provision of quality, reliable and customer oriented service to the market, in the best manner for its shareholders, employees and business connections.

Based on the market outlook and the qualities of the vessels the Company will try to optimize the mix of spot and TC exposure in order to cap some of the downside risk when rates for longer TC are at attractive levels. The length of TC will depend on rate and counter party quality and how it fits the overall strategy.

Awilco Eco Tankers Holding AS has had in-house commercial management of the four VLCCs from delivery. The company has an Operations Manager employed full time and is hiring a Chartering Manager on full time and a CEO in a 40% position from Awilco AS in order to provide the Company with the competence needed with a lean and flexible organization to handle the day-to-day operation of the vessels. Awilco Technical Services (ATS) is and has been responsible for the technical management of all four vessels in the fleet during 2020.

The Group will evaluate growth opportunities in terms of vessel acquisitions which best complement the Group's financial and operational aspirations.

### Health, safety and environment

The Group has one employee at year end and a further 1,4 hired. Administrative and technical management is outsourced to Awilhelmsen Management AS and ATS respectively. The company plans to carry out its principal activity by continued use of outsourcing to keep a lean organization. The Group's quality of operation is supported by experienced, educated and well trained staff both onboard the vessels and onshore.

The Group shall adhere to national and international laws and regulations and constantly promote best practices identified within its own operations and the industry in order to improve the competence of the employees. The safety and well-being of employees, both at sea and onshore, will always have the highest priority. This is also taken into account when outsourcing services, and it is ensured that the management companies are committed to strict adherence to professional regulations for matters concerning health, safety and environment.

The Group has a long term goal of environmental excellence, and works towards minimizing any negative environmental impact from its vessels. The VLCC vessels delivered from DSME during 2016 are of eco-efficient design. With its hull shape and sophisticated engine and other equipment, the vessels are amongst the most eco-friendly vessels in the global fleet of crude tankers resulting in considerably lower bunker consumption that will contribute to reduce the environmental impact on both atmosphere and sea. During 2019, all vessels were fitted with exhaust gas cleaning systems (scrubbers) to meet the global cap on sulphur in the fuel to 0,5% as a result of the IMO2020 regulation that took effect on 1<sup>st</sup> January 2020.



## Consolidated financial statements

The Company had four VLCCs in the market in 2020. During 1Q three vessels were trading in the spot market while one was on TC. Due to the very strong market in 2Q, all vessels were fixed on TCs between 6 months and 3 years which covered the remainder of the open days for 2020. This provided a very strong cash flow for the company in 2020 which is reflected in the operating income. As some of the TCs were 12 months or longer, this also spilled over into 2021. In January 2021, the Company entered into a MOA to sell two vessels to DHT for USD 68 mill each. As such, Eco Queen was delivered to new owners after completing her TC in late February, while Eco Future was delivered after completing her TC in early April 2021. The remaining two VLCCs are doing well both commercially and technically and have a solid operational efficiency due to this. One of the vessels have a TC coverage until 2Q 2022, while the second has a TC coverage until 2Q 2023.

The financial income statement shows an operating revenue for the year of USD 101,95 mill and a net profit of USD 65,77 mill. This compares to a net profit of USD 6,65 in 2019.

The consolidated financial statements of the Group, and the parent company financial statements of Awilco Eco Tankers Holding AS, have been prepared on a going concern basis. Pursuant to the Norwegian Accounting Act § 3-3a, and based on the current capital structure and the company's overall position at the end of the year, the Board of Directors confirms that it is correct to prepare the accounts on a going concern assumption. The statement of financial position shows the assets as of year-end, and the corresponding capital structure of the Group.

The Group is per 2020 funded by equity from its shareholders and bank debt. The debt facility expires in October 2021. The equity granted to the company covered the yard installments during the construction period along with an initial shareholder loan. The outstanding shareholder loan at the start of 2020 was USD 28,85 mill and was fully repaid during the year. Upon delivery of the vessels a total of USD 209 mill was drawn down on the Bank Loan Facility which was finalized and signed 31 March 2016, in order to pay for the final instalment of the vessels. Total outstanding amount from the credit facility at balance sheet date was USD 137,89 mill.

The statements of cash flows show that the major payment transaction during 2020 is the repayment of the shareholder loan, the ordinary and extraordinary instalment on the secured credit facility and interest expenses related to the facility during the accounting period.

## Parent company financial statement

The net loss for the period was NOK 23,46 mill. The loss was mainly due to interest income and expense, foreign exchange effects and other financial expenses. The Board of Directors proposes that the net loss of NOK 23,46 mill is covered by the equity and share premium funds.

The financial statements give in our opinion a true and fair view of the financial position of the parent company and the Group as at 31 December 2020, and of the financial performance and its cash flow for the year that ended.

## Risk factors

The Group is exposed to market risks, geographical risks, operational risks, financial risks and strategic risks. The Board and management plan to manage these risks through ensuring a close supervision of the daily operation and trading areas of the vessels, retaining a close relationship with the external management providers and through continuous reporting and monitoring.

### *Market risk*

Historically, the crude tanker industry has been cyclical, experiencing volatility in charter rates and profitability due to changes in the supply of and demand for tanker capacity, and changes in the supply of and demand for oil and oil products. The factors affecting the supply of and demand for crude tankers, and consequently the value of the Group's vessels, are outside the Group's control, and the nature, timing and degree of changes in industry conditions are unpredictable. Factors that influence demand for crude tanker capacity include;

- Demand for oil and oil products
- Supply of oil and oil products
- Global and regional economic conditions
- Regional availability of refining capacity
- The distance of oil and oil products are to be transported by sea



Factors that influence the supply of crude tanker capacity include;

- The number of new-building deliveries
- The scrapping rate of older vessels
- Conversion of tankers to alternative uses
- Environmental concerns and regulations

#### *Financial risk*

The Group is exposed to a number of different financial market risks arising from the normal business activities. Financial market risk is the possibility that the fluctuation in currency exchange rates or interest rates will affect that value of our assets, liabilities or future cash flows. To reduce and manage these risks, the Board and management periodically review and assess its primary financial market risks.

#### 2020 Tanker market

The tanker market for large tankers experienced in 2020 one of the most spectacular years in history due to Covid-19 and a dramatic fall in the oil price almost overnight that led to a surge in tanker rates between March and May due to storage plays and speculation. As such, the market rose to above USD 250.000 per day for a short period but cooled down into the summer. The number of long-term TCs that occurred was signed at historical high levels, where also Awilco Eco Tankers managed to take advantage of this positive momentum. However, the flip side was the rapid demand destruction which created a large gap between demand and supply, and therefore led to spot rates between USD 15-30 for the second half of 2020. Awilco Eco Tankers Holding ended the year with an average TCE per vessel just below USD 70.000 per day.

As a result of the strong earnings in 2020, only one VLCC was scrapped during the year while some 30 vessels were delivered from the shipyards according to Clarkson Research. This is equal to a fleet growth of 3,1%. The orderbook increased with 38 vessels during the year and as per year end it was around 10% of the fleet.

#### Tanker market outlook

The outlook for the crude tanker market 2021-2022 is difficult to assess due to the Covid-19 situation which has reduced the oil demand from the peak in 2019 and caused uncertainty related to the timing and strength of the recovery. The Company has TC coverage for both remaining vessels throughout 2021 at around USD 40.000 per day and is therefore not exposed to the volatility in the spot market. So far this year we have seen a market well below opex and even in negative territory for older tonnage. With a reversal of the previous OPEC production cuts and an agreement between USA and Iran, we expect the supply side to provide more cargoes going forward, but we still depend on a substantial growth in demand to see spot rates recover to above cash break even levels for most owners. With the current positive outlook on the GDP from IMF for 2021 and 2022 with a growth of 6% and 4,4% respectively, it can be expected that this will positively affect the energy demand which should spill over to the oil and tanker market.

The impact of Covid-19 related issues we have seen in shipping throughout 2020 is expected to continue into 2021 which may increase costs and potential offhire. However, the most critical issue is the supply and demand balance for the tanker market which depends on future scrapping to increase considerably as the order book is still around 10% of the current fleet of around 840 vessels. The environmental focus on emissions from vessels is a strong factor which will impact the trading fleet and most likely the older vessels the most and lead to increased costs for operating the vessels. As such, there should be an incentive going forward to scrap older tonnage, which would provide for a better and more sustainable balance between supply and demand in the years to come. Based on broker's estimates for the spot market in 2021 and 2022 we expect a more normalized market going forward with rates between USD 35-50.000 per day and following the seasonal pattern we have seen historically.



Oslo, 28 May 2021

Eric Jacobs  
Chairman of the Board

Knut Nossen  
Board member

Jon Aksel Torgersen  
Board member

Ole Anders Engebretnsen  
Board member

Jens-Julius Ramdahl Nygaard  
CEO



## Awilco Eco Tankers Holding Group

### Consolidated statement of income

*in USD thousands, unless otherwise indicated*

	Note	01.01 - 31.12 2020	01.01 - 31.12 2019
Gross freight revenue		117 079	66 547
Voyage related expenses		<u>(15 127)</u>	<u>(21 261)</u>
Operating revenues		101 952	45 286
Operating expenses vessels	4	13 104	13 109
Employee benefit expense		500	215
Administrative expenses	4	800	1 006
Depreciation	9	14 657	14 255
Impairment vessels	9	0	0
Operating expenses		<u>29 060</u>	<u>28 586</u>
Net operating profit / (loss)		72 892	16 700
Finance income	5	198	582
Finance expense	5	<u>(7 098)</u>	<u>(10 106)</u>
Net financial items		<u>(6 900)</u>	<u>(9 525)</u>
Profit / (loss) before tax		65 992	7 176
Taxes	12	(219)	(529)
Net profit/ (loss)		<u>65 772</u>	<u>6 647</u>
Attributable to non-controlling interests		0	0
Attributable to shareholders of the parent		65 772	6 647
Basic / diluted earnings per share (in USD)	16	0,988	0,100

### Consolidated statement of comprehensive income

Net profit / (loss) for the period	65 772	6 647
Cash flow hedges changes in fair value	(1 299)	(1 875)
Total comprehensive (loss)/income	<u>64 473</u>	<u>4 772</u>



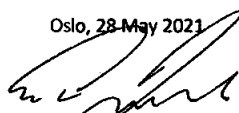
**Awilco Eco Tankers Holding Group**

**Consolidated statement of financial position**

*in USD thousands, unless otherwise indicated*

	Note	31.12.2020	31.12.2019
<b>Non-current assets</b>			
Deferred tax benefit		0	0
Vessels and other fixed assets	9	293 178	307 835
Other non-current assets		0	0
<b>Total non-current assets</b>		<b>293 178</b>	<b>307 835</b>
<b>Current assets</b>			
Inventory		532	7 471
Trade receivables	8	0	992
Other current assets	8	560	6 020
Financial investments	7	0	522
Cash and cash equivalents	6	45 747	24 065
<b>Total current assets</b>		<b>46 838</b>	<b>39 070</b>
<b>Total assets</b>		<b>340 016</b>	<b>346 905</b>
<b>Equity</b>			
Share capital	15	8 332	8 332
Share premium reserve	15	170 795	181 424
Other equity		16 250	(48 223)
<b>Total equity</b>		<b>195 377</b>	<b>141 533</b>
<b>Non-current liabilities</b>			
Deferred tax liability	12	0	0
Shareholder loan	13	0	28 845
Secured credit facility	13	0	148 321
<b>Total non-current liabilities</b>		<b>0</b>	<b>177 166</b>
<b>Current liabilities</b>			
Current portion of long-term debt	13	137 889	16 920
Income tax payable	12	0	0
Accounts payable		73	5 061
Financial investments	7	997	0
Other current liabilities and accruals	8	5 680	6 225
<b>Total current liabilities</b>		<b>144 639</b>	<b>28 206</b>
<b>Total equity and liabilities</b>		<b>340 016</b>	<b>346 905</b>


Oslo, 28 May 2021

  
Eric Jacobs  
Chairman of the Board

  
Knut Nossen  
Board member

  
Jon-Aksel Torgersen  
Board member

  
Ole Anders Engebretsen  
Board member

  
Jens Julius Ramdahl Nygaard  
CEO



## Awilco Eco Tankers Holding Group

### Consolidated cash flow statement

	01.01 - 31.12	01.01 - 31.12
	2020	2019
<i>in USD thousands, unless otherwise indicated</i>		
	Note	
Profit before tax	65 992	7 176
<i>Adjustments for:</i>		
Depreciation and amortization	14 657	14 255
Impairment	0	0
Tax	0	0
Net fair value gains on financial instruments	0	0
Increase/decrease receivables and prepayments	13 392	558
Increase/decrease payables and accruals	(5 857)	6 220
Interest and borrowing cost expensed	6 952	9 983
Interest paid	(6 197)	(7 848)
Net cash flow from operating activities	<u>88 938</u>	<u>30 343</u>
Investments in tangible fixed assets	0	(10 438)
Investments in financial assets	0	0
Sale of fixed assets	0	0
Net cash flow from investing activities	<u>0</u>	<u>(10 438)</u>
Proceeds from shareholder loan, net	(29 541)	(9 000)
Proceeds from secured credit facility drawn	0	0
Installments secured credit facility	(27 086)	(13 920)
Capitalized interests on long term loan	0	0
Borrowing costs	0	0
Dividends	(10 629)	0
Proceeds from issuance of shares	0	0
Net cash flow from financing activities	<u>(67 256)</u>	<u>(22 920)</u>
Net change in cash and cash equivalents	21 682	(3 015)
Cash and cash equivalents at beginning of period	24 065	27 080
Cash and cash equivalents at end of period	<u>45 747</u>	<u>24 065</u>



## Awilco Eco Tankers Holding Group

### Consolidated statement of changes in equity

*in USD thousands, unless otherwise indicated*

	Issued capital	Share premium	Other paid-in equity	Retained earnings	Other comprehensive income/(loss)	Total
Equity at incorporation, 13 Jan 2014	324	24 002				24 327
Share capital increase at 31 Jan 2014	212	15 679				15 891
Share capital increase at 30 Oct 2014	507	39 493				40 000
Share issue costs / incorporation costs		(10)				(10)
Tax effect share issue costs		0				0
Total comprehensive income for the period				(1 267)		(1 267)
Equity per ending balance 2014	1 043	79 165	0	(1 267)	0	78 941
Total comprehensive income in 2015				(344)		(344)
Equity per ending balance 2015	1 043	79 165	0	(1 611)	0	78 597
Share capital increase at 2 May 2016	1 657	32 892				34 549
Share capital increase at 26 May 2016	1 596	35 904				37 500
Share capital increase at 12 Aug 2016	2 011	7 989				10 000
Share capital increase at 26 Aug 2016	2 025	25 475				27 500
Total comprehensive income in 2016				(62 431)	1 500	(60 931)
Equity issue costs and other changes	0	(1)		0		(1)
Equity per ending balance 2016	8 332	181 424	0	(64 042)	1 500	127 214
Total comprehensive income in 2017	0	0		8 606	355	8 961
Equity issue costs and other changes	0	1				1
Equity per ending balance 2017	8 332	181 424	0	(55 436)	1 855	136 175
Total comprehensive income in 2018	0	0		159	427	585
Equity per ending balance 2018	8 332	181 424	0	(55 277)	2 282	136 761
Total comprehensive income in 2019	0	0	0	6 647	(1 875)	4 772
Equity per ending balance 2019	8 332	181 424	0	-48 630	407	141 533
Total comprehensive income in 2020	0	0	0	65 772	(1 299)	64 473
Dividends	0	(10 629)	0	0	0	(10 629)
Equity per ending balance 2020	8 332	170 795	0	17 142	-892	195 377



## Awilco Eco Tankers Holding AS Statement of Responsibility

We confirm to the best of our knowledge that the consolidated financial statements for 2020 have been prepared in accordance with International Financial Reporting Standards as regulated in the Norwegian Accounting Act § 3-9, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that the financial statements for the parent company for 2020 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway, and that the information presented in the financial statements give a true and fair view of the assets, liabilities, financial position and profit/(loss) for the period of Awilco Eco Tankers Holding AS and Awilco Eco Tankers Holding Group as a whole. We also confirm to the best of our knowledge that the Board of Directors Report includes a true and fair review of the development and performance of the business and the position of Awilco Eco Tankers Holding AS and the Awilco Eco Tankers Holding Group, together with a description of the principal risks and uncertainties that they face.

Oslo, 28 May 2021

Eric Jacobs  
Chairman of the Board

Ole Anders Engebretsen  
Board member

Knut Nossen  
Board member

Jon Aksel Torgersen  
Board member

Jens Julius Ramdahl Nygaard  
CEO



## **Note 1 - Corporate information**

Awilco Eco Tankers Holding AS and its subsidiaries (together called “we”, “us”, “Company” or the “Group”) is a company formed for the purpose of acquiring and operating eco-efficient very large crude carriers (VLCCs) with fuel efficient specification and carrying capacities of 300,000 dwt in the international shipping market. The parent company, Awilco Eco Tankers Holding AS, was established January 13<sup>th</sup> 2014 by Awilco Shipping AS (50%) and WLR/TRF Shipping Sarl (LUX) (50%). The four vessel owning subsidiaries were incorporated as newly incorporated entities during 2014, as wholly owned subsidiaries of the parent company.

As of 31<sup>st</sup> December 2020, the Group owns four 300,000 dwt VLCCs with eco-efficient design delivered during 2016 from Daewoo Shipbuilding & Marine Engineering Co. Ltd (DSME) in Korea. With its hull shape and equipment, the vessels are amongst the most eco-friendly vessels due to a considerably lower bunker consumption that will contribute to reduce the environmental impact on both atmosphere and sea. The Group commenced its principal operations as an owner and operator of VLCC-tankers for international transportation of crude oil.

## **Note 2 - Summary of significant accounting principles**

### **Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as regulated in the Norwegian Accounting Act § 3-9.

### **Basis of consolidation**

The consolidated financial statements incorporate the financial statements of Awilco Eco Tankers Holding AS and entities controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

### **Foreign currency translation**

#### *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in USD, which is also the Company's functional currency and presentation currency. All subsidiaries have USD as their functional currency.

#### *Transaction and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currency are recognized in the income statement.

### **Revenue recognition**

Effective from January 1, 2018 the Group adopted the new accounting standard IFRS 15 Revenue from Contract with Customers. The new standard is based on the principle that revenue is recognized when control of goods or services is transferred to a customer. Voyage revenues are recognized ratably over the length of each voyage, calculated on a load-to-discharge basis.

Voyage expenses are capitalized between the previous discharge port and the next load port if they qualify as fulfillment costs under IFRS 15 and amortized ratably over the same period as the corresponding voyage revenue. To capitalize incurred costs the following criteria have to be met; (i) the costs related directly to



the contract, (ii) the costs generate resources of the entity that will be used in fulfill future performance obligations, (iii) the costs are expected to be recovered.

Revenue from time charter contracts are recognized on a straight-line basis over the term of the respective time charter agreement.

#### **Property, plant and equipment**

Vessels and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of the asset. Any component of an asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with a similar depreciation method and useful life are grouped together.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful lives. Components of fixed assets with different economic useful lives are depreciated over their respective useful lives.

#### **Leases**

Effective from January 1, 2019 the Group adopted the new accounting standard IFRS 16. The new accounting standard replaces IAS 17 Leases. In the financial statement of lessees, IFRS 16 requires recognition of all contracts that qualify under its definition of a lease as right-of-use assets and lease liabilities in the balance sheet, while lease payments are to be reflected as interest expense and reduction of lease liabilities.

After initial recognition, the Right-of-use assets are to be depreciated in accordance with IAS 16 Property, Plant and Equipment over the shorter of each contract's term and the useful life of the asset. Borrowings are subsequently measured at amortized cost using the effective interest rate method.

#### **Vessels under construction**

The carrying value of the vessels under construction represents the accumulated costs to the balance sheet date which the Company has had to pay by way of installments paid to the yard and other capital expenditures together with capitalized interest. No charge for depreciation is made until the vessel is available for use.

#### **Impairment**

Vessels are assessed for impairment when events or circumstances indicate the carrying amount of the assets may not be recoverable. When such indicators are present, the carrying value of the vessels under construction is tested for recoverability. If the carrying amount exceeds the recoverable amount for the asset, an impairment loss is recognized and the asset is written down to its recoverable amount. The impairment is reversed when the basis for the write-down no longer exists.

#### **Inventory**

Inventories consist mainly of bunkers and lubrication oil on board the vessels. Inventories are measured at the lower of cost and net realizable value. Cost is determined in accordance with the first-in-first-out principle (FIFO), and expenses related to inventory are presented as voyage related expenses in the income statement.

#### **Derivative financial instruments and hedging**

Derivative financial instruments are recognized on the balance sheet at fair value. Gains and losses due to realization or changes in fair value are reported in the income statement when the derivative is not a part of a hedging relationship that meets the criteria for hedge accounting. When the criteria for hedge accounting



are fulfilled and the derivative is designated as a hedge transaction, the method of recognizing the gain or loss is dependent on the nature of the item being hedged.

Changes in the fair value of derivatives that qualify as cash flow hedge are initially recognized in other comprehensive income. Amounts deferred in other comprehensive income are transferred and classified in the income statement when the underlying hedged items impact net result in a manner consistent with the underlying nature of the hedged transaction.

Changes in the fair value of derivatives that qualify as a fair value hedge are recorded in the income statement together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

#### **Cash and cash equivalents**

Cash represents cash on hand and deposits at bank that are repayable on demand. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or fewer and which are subject to an insignificant risk of change in value.

#### **Trade and other receivable**

Trade and other receivables are carried at amortized cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flow is recognized as a loss, discounted by the receivable amount's effective interest rate.

#### **Trade payables and other current liabilities**

Trade payables and other current liabilities are recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition the financial liabilities are measured at amortized cost using the effective interest method.

#### **Long-term interest bearing debt**

All borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Debt repayable within one year is classified as a current liability.

#### **Share capital**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recognized as a reduction of equity, net of tax if deductible, from the proceeds.

#### **Pensions**

The company has implemented a defined contribution plan for its employees. The plan complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company.

The company is responsible for making an agreed contribution to the employee's pension savings. The Group has no further payment obligations once the contributions have been paid. Contribution are recognized as an employee benefit expense in the income statement when they fall due.

#### **Tax**

The tax expense consists of the tax payable and changes in deferred tax. Deferred tax is calculated at the nominal income tax rate of net temporary differences existing between accounting and tax values, and any carry forward losses for tax purposes at year-end. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

**Segment information**

The market for the vessels is the international market of transportation of crude oil (i.e. all over the world) and the Group operation will be exposed to the same risks and returns wherever the vessels are employed. As the vessels are managed as one business segment, the Company will only have one reportable segment.

**Earnings per share**

Basic earnings per share ("Basic EPS") are calculated as net profit or loss for the period divided by the weighted average number of shares outstanding during the period.

**Cash Flow Statement**

The cash flow statement is presented using the indirect method.

**Estimates**

The preparation of financial statements in accordance with IFRS requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenue, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

**New standards and interpretation not yet adopted**

Certain new accounting standards, amendments and interpretations have been published that are not mandatory for use in the financial statement per 31 December 2020 but might have an impact on future accounting periods. None of the issued, not yet effective IFRS standards, amendments to such standards or IFRIC interpretations are expected to have material effect for the Group's financial reporting.



## Awilco Eco Tankers Holding Group

### Note 3 - Segment information

The business operations of the Group is limited to operating a fleet of VLCC tankers of eco design. Consequently the management has organized the entity as one operating segment based on the services provided. The Group has one operating segment as defined in IFRS 8.

As of end of December 2020 the Company had four vessels in operation, with all vessels on timecharter contracts.



## Awilco Eco Tankers Holding Group

### Note 4 - Specification of expenses

*in USD thousands, unless otherwise indicated*

	2020	2019
<u>Vessel operating expenses</u>		
Crewing expenses	6 347	6 183
Maintenance and stores	1 259	1 230
Lub oil etc	833	1 059
Insurance	1 429	1 111
Other operating expenses	3 237	3 526
Total	13 104	13 109

#### Administrative expenses

Management fee	608	633
Other fees	139	136
Travel expenses	26	50
Other administrative expenses	26	187
Total	800	1 006

Fees to the Group's auditors are included in administrative expenses.

Audit fees (excluding VAT)	21	22
Audit related fees (excluding VAT)	2	2
Other services	2	0
Total	24	24

### Note 5 Specification of financial income and expenses

*in USD thousands, unless otherwise indicated*

	2020	2019
Interest income	198	582
Foreign exchange gain	0	0
Other financial income	0	0
Financial income	198	582
Interest expense	(6 952)	(9 983)
Foreign exchange loss	(71)	(90)
Other financial expenses	(74)	(33)
Financial expense	(7 098)	(10 106)



## Awilco Eco Tankers Holding Group

### Note 6 - Cash and cash equivalents

The Group's cash and cash equivalents are denominated in the following currencies as of 31 December:

<i>in USD thousands, unless otherwise indicated</i>	2020	2019
US Dollar	45 371	23 984
Norwegian kroner	376	82
Total cash and cash equivalents	45 747	24 065
Restricted bank deposits	0	0
Tax withheld from employees	135	33

Cash in bank earns interest at floating rates based on daily bank deposit rates.

### Note 7 - Financial investments and instruments

<i>in USD thousands, unless otherwise indicated</i>	2020	2019
<u>Cash flow hedge instruments</u>		
Interest rate swap (1)	-997	522

(1) The Group has entered into an interest rate agreement securing a fixed interest rate of 1,39% plus credit charge for USD 85 mill throughout the loan period (see note 13). The fair value of the interest rate swap, as shown above, is recorded as other comprehensive income in the Statement of Comprehensive Income and classified as part of the equity.

### Note 8 - Current assets and liabilities

<i>in USD thousands, unless otherwise indicated</i>	2020	2019
<u>Other current assets</u>		
Other receivables	304	2 029
Other current assets and accruals	255	3 990
	560	6 020
<u>Other current liabilities</u>		
Accounts payable related parties (note 18)	3	20
Advances from customers	3 967	0
Other current liabilities and accruals	1 710	6 206
	5 680	6 225

Other receivables and liabilities are non-interest bearing.

No impairment has been required on trade receivables in 2020 (or 2019).



## Awilco Eco Tankers Holding Group

### Note 9 - Vessels and other fixed assets

	2020		
<i>in USD thousands, unless otherwise indicated</i>	Vessels	Other Assets	Total
Acquisition cost, opening balance	402 645	0	402 645
Acquisition of fixed assets	10 438	0	10 438
Disposal of assets	0	0	0
Acquisition cost, ending balance	413 083	0	413 083
Accumulated depreciation, opening balance	105 248	0	105 248
Depreciation	14 657	0	14 657
Impairment charges / reversals	0	0	0
Disposal of assets	0	0	0
Accumulated depreciation, ending balance	119 904	0	119 904
Net carrying amount, ending balance	293 178	0	293 178
Expected useful life	25 years		
Depreciation rates on vessel components	4% - 20%		
Depreciation method	Straight line		

As of end of December 2020 the Company had four vessels in operation. The vessels were delivered from the yard (Daewoo Shipbuilding & Marine Engineering Co. Ltd) during the period June to mid-October 2016.

From the date the vessels are available for use, they will be depreciated on a straight-line basis over the expected useful lives of 25 years. Certain components of the vessels will be depreciated over shorter useful lives.

In January 2021 the Company entered into an agreement to sell two of the VLCCs owned by the company. A Memorandum of Agreement (MOA) was signed on January 19 for the sale of Eco Queen and Eco Future, for USD 68 mill per vessel (se note 21).

The vessels are reviewed for impairment when events or circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverable amount of the vessels has been assessed based on a value in use calculation and no impairment charge has been recognised in 2020.



## Awilco Eco Tankers Holding Group

### Note 10 - Commitments and contingencies

There are no capital commitments as of 31.12.2020.



## Awilco Eco Tankers Holding Group

### Note 11 - Investments in subsidiaries

The consolidated financial statements include the financial statements of Awilco Eco Tankers Holding AS and its subsidiaries listed in the following table:

<u>Subsidiary</u>	<u>Country of incorporation</u>	<u>Ownership interest</u>	<u>Included in consolidated Financial Statement from</u>
Awilco Eco Tankers 1 AS	Norway	100 %	Incorporation date in 2014
Awilco Eco Tankers 2 AS	Norway	100 %	Incorporation date in 2014
Awilco Eco Tankers 3 AS	Norway	100 %	Incorporation date in 2014
Awilco Eco Tankers 4 AS	Norway	100 %	Incorporation date in 2014
Awilco Eco Tankers 5 AS	Norway	100 %	Incorporation date in 2016



## Awilco Eco Tankers Holding Group

### Note 12 - Income tax

*in USD thousands, unless otherwise indicated*

	2020	2019
<b><u>Current income tax</u></b>		
Current income tax charge, Norwegian	0	0
Current income tax charge, foreign	0	0
<b><u>Deferred income tax</u></b>		
Relating to origination and reversal of temporary differences	-219	-529
Income tax benefit/(expense)	<u>-219</u>	<u>-529</u>

Reconciliation of total income tax expense during the year to the income tax expense at the statutory income tax rate applicable in Norway:

Profit (loss) before tax	65 992	7 176
Tax at Norway's statutory income tax rate of 23 %	-14 518	-1 579
Non-deductible expenses or non-taxable items	8 345	2 352
Valuation allowance / translation adjustments <sup>(1)</sup>	5 954	-1 302
Income tax expense (benefit)	<u>-219</u>	<u>-529</u>

<sup>(1)</sup> Includes tax effect of differences arising from foreign exchange effects to Norwegian Krone, which is the basis for taxation of the parent company and the subsidiaries.

Deferred income tax at December 31 relates to the following:

<b><u>Deferred tax assets</u></b>		
Investments	219	0
Other temporary differences	576	0
Tax losses carried forward	3 216	3 113
No offset of temp difference / valuation allowance	-3 934	-2 821
Deferred tax assets	<u>77</u>	<u>292</u>
<b><u>Deferred tax liabilities</u></b>		
Fixed assets	0	0
Investments	0	-115
Other temporary differences	-77	-177
Deferred tax liabilities	<u>-77</u>	<u>-292</u>
Net deferred income tax asset / (liability)	<u>-0</u>	<u>0</u>
<b><u>Deferred tax cost</u></b>		
Deferred tax, opening balance	0	0
Deferred tax from acquisitions / recorded to equity	219	529
Deferred tax, ending balance	-0	0
Deferred tax benefit/(expense)	<u>-219</u>	<u>-529</u>

The Group's subsidiaries, in which the vessels are held, are subject to tonnage tax. Companies subject to tonnage tax regimes are exempt from ordinary tax on their shipping income. In lieu of ordinary taxation, tonnage taxed companies are taxed on a notional basis based on the net tonnage of the companies' vessels. Income not derived from the operation of the vessels in international waters, such as financial income, is usually taxed according to the ordinary taxation rules applicable in the resident country of each respective company.

The tax losses carried forward are available indefinitely to offset against future taxable profits. A deferred tax asset has not been recognized in respect of these tax losses as they only may be utilised to offset taxable financial income in the respective group company, and cannot be offset by group contribution to other Group companies.

The tax return of the company and its subsidiaries are routinely examined by relevant tax authorities, and in the ordinary course of business, certain items in the tax returns are questioned or challenged. The Company believes that adequate tax provisions have been made



## Awilco Eco Tankers Holding Group

### Note 13 - Interest bearing debt

*in USD thousands, unless otherwise indicated*

	Interest rate %	2020	2019
<b>Non-current liabilities, shareholder loan</b>			
Long-term interest-bearing debt	(6 months LIBOR plus margin of 250 bps)	0	27 022
Accrued interests		0	1 823
<b>Total shareholder loan</b>		<b>0</b>	<b>28 845</b>

#### Shareholder loan

The shareholder loans were granted by the shareholders according to their ownership of the company.

The shareholder loan carried interests at a rate of LIBOR USD 6 Months plus a margin of 250 basis points per annum. Accrued interests was added to the principal on a yearly basis. The shareholder loan was repaid during 2020.

The obligation of the borrower under the shareholder loan agreement was not secured by any mortgage, pledge or other security.

#### Non-current liabilities, secured credit facility

Long-term interest-bearing debt (1)	(3 months LIBOR plus margin of 250 bps)	137 334	164 420
First year installment reclassified to short term debt		-137 334	-16 920
Unamortized up front fees and accrued interests		0	821
<b>Total secured credit facility</b>		<b>0</b>	<b>148 321</b>

#### Current liabilities

Current portion of long term debt		137 334	16 920
Unamortized up front fees and accrued interests		554	0
<b>Total current liabilities</b>		<b>137 889</b>	<b>16 920</b>

#### Security (1)

Vessels pledged		293 178	307 835
Contracts pledged		0	0
Net book value of pledged assets		<b>293 178</b>	<b>307 835</b>

#### Maturity non-current borrowings (1)

Later than one year and not later than two years		137 334	147 500
Later than two years and not later than three years		0	0
Later than three years and not later than four years		0	0
Five years and later		0	0
<b>Total</b>		<b>137 334</b>	<b>147 500</b>

#### Secured credit facility

As of 31 March 2016, the Company signed a credit facility agreement with the banks; ABN Amro Bank, Nordea Bank, Credit Agricole and DVB Bank for a total debt financing of USD 220 mill at favorable terms. The credit facility was drawn upon in tranches when the four VLCC vessels were delivered from the yard, i.e. in June, August, September and October 2016. The total drawn amount from the credit facility at the balance sheet date was USD 137,3 mill.

The credit facility carries an interest of LIBOR USD 3 Months plus a margin of 250 basis points, and is secured by e.g. vessel mortgages and a pledge of shares in subsidiaries. The loan has financial covenants related to e.g. defined values of the underlying assets to be no less than 135% of the borrowings, total value adjusted equity to be no less than USD 75 mill, a total value adjusted equity ratio of minimum 30 % and free liquid assets of minimum USD 10 mill for the Group. The loan will be repaid in quarterly installments, with a final repayment five years after utilisation of the final tranche. In January 2021 the Company entered into an agreement to sell two of the VLCCs owned by the company. As a result of the sale, the outstanding loan tranche for each vessels, Eco Queen and Eco Future, was fully repaid upon delivery of the vessels to the new owners (see note 21).

The Company has entered into an interest rate agreement securing a fixed interest rate of 1.39% plus credit charges for USD 85 mill throughout the loan period. The fair value of the interest rate swap is recorded as other comprehensive income in the Statement of Comprehensive Income and classified as part of the equity (see note 7).



## **Awilco Eco Tankers Holding Group**

### **Note 14 - Guarantees**

There are no corporate guarantees.



## Awilco Eco Tankers Holding Group

### Note 15 - Share capital, issued capital and shareholders

*in USD thousands, unless otherwise indicated*

	Shares	Par value per share	Share capital	Paid-in premium	Total paid-in-capital
Share capital at incorporation 13 Jan 2014	2 000 000		324	24 002	24 327
Equity issue per 31 Jan 2014	1 328 000		212	15 679	15 891
Equity issue (debt converting) per 30 Oct 2014			507	39 493	40 000
Share split at 30 Oct 2014	29 952 000		0	0	0
Incorporation costs				-10	-10
Share capital per 31 Dec 2014	33 280 000		\$1 043	\$79 165	\$80 208
Capital events 2015				0	0
Share capital per 31 Dec 2015	33 280 000		\$1 043	\$79 165	\$80 208
Equity issue (debt converting) per 2 May 2016			1 657	32 892	34 549
Equity issue per 26 May 2016			1 596	35 904	37 500
Equity issue (debt converting) per 12 Aug 2016			2 011	7 989	10 000
Equity issue per 26 August 2016	33 280 000		2 025	25 475	27 500
Equity issue costs			0	-1	-1
Share capital per 31 Dec 2016	66 560 000		\$8 332	\$181 424	\$189 756
Other equity costs and transactions 2017				1	1
Other equity costs and transactions 2018-2019				0	0
Share capital per 31 Dec 2019	66 560 000		\$8 332	\$181 424	\$189 756
Dividends 2020				-10 629	-10 629
Share capital per 31 Dec 2020	66 560 000	NOK 1,00	8 332	170 795	179 127

Shareholders of the Company	Shares	Ownership
Awilco Shipping AS	33 280 000	50,00 %
WLR/TRF Shipping II SARL (Lux)	33 280 000	50,00 %
	66 560 000	

All issued shares have a par value of NOK 1,0 and are of equal rights. Awilco Eco Tankers Holding AS is incorporated in Norway and the share capital is denominated in NOK.



## Awilco Eco Tankers Holding Group

### Note 16 - Earnings per share

*in USD thousands, unless otherwise indicated*

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all dilutive potential ordinary shares to ordinary shares.

	2020	2019
Net profit/(loss) attributable to equity holders of the parent	65 772	6 647
Weighted average number of ordinary shares outstanding	66 560 000	66 560 000
Weighted average number of shares outstanding, diluted	66 560 000	66 560 000
Basic earnings per share (in USD)	0,988	0,100
Diluted earnings per share (in USD)	0,988	0,100

### Note 17 - Remuneration, pension expenses etc

The Company has one employee. The Group has a defined contribution plan for the employees, whereby salary up until 12G is funded in a life insurance company.

In 2020, wage costs increased because a bonus to two employees in Awilco AS. Previously, this has been invoiced and was included in administration costs

The CEO does not receive any remuneration from the Company, but is employed and receives remuneration in Awilco AS, the holding company of one of the shareholders. Salary and other remuneration to the CEO are included in the management fee to Awilco (see related party note disclosure).



## Awilco Eco Tankers Holding Group

### Note 18 - Related party transactions

*in USD thousands, unless otherwise indicated*

In the normal course of its business, the Awilco Eco Tankers Group enters into a number of transactions with related party companies. Transactions with related party are specified as follows:

	Payables to related parties	Purchases from related parties	Interest expense related parties
For 2020			
Awilhelmsen Management AS	0	288	0
Awilco Technical Services AS	2	653	0
Awilco AS	0	616	0
Awilco Shipping AS (1)	0	0	348
WLR/TRF Shipping II Sarl (1)	0	0	348
For 2019			
Awilhelmsen Management AS	0	283	0
Awilco Technical Services AS	4	900	0
Awilco AS	16	329	0
Awilco Shipping AS (1)	14 422	0	911
WLR/TRF Shipping II Sarl (1)	14 422	0	911

(1) Shareholder loan, see note 13. Accrued interests are added to the principal amount.

### Management services

To provide the company with access to important knowledge and services, the Group has entered into agreements with related parties:

<u>Related party</u>	<u>Description of service</u>
Awilhelmsen Management AS (1)	Administrative Management Agreement
Awilco Technical Services AS (2)	Ship Management Agreement / Scrubber Project Management Agreement
Awilco AS (3)	Employee for Hire Agreement

(1) The Group has entered into a management contract with Awilhelmsen Management AS (AWM). The annual fee of USD 51.000 per group company is payable on a quarterly basis. This fee covers services such as accounting, treasury, legal assistance, office support services, IT services etc. This agreement can be terminated by all parties on a three month notice. AWM is a wholly owned subsidiary of Awilhelmsen AS, which through intermediary holding companies owns 50% of the Awilco Eco Tankers Group.

(2) The Group has entered into ship management agreements with ATS for the day-to-day technical management of the four vessels. The annual technical management fee per vessel is approximately USD 160,000. The Group also entered into a scrubber Project Management agreement with ATS for the installation of scrubbers on all four vessels at a fixed cost of USD 30.000 per vessels.

(3) The Group has entered into an employee for hire agreement with Awilco AS. The agreement secures the Group personnel resources for the functions of Managing Director (40% basis) and Chartering Manager (100% basis).



## Awilco Eco Tankers Holding Group

### Note 19 - Financial instruments and risk management

in USD thousands, unless otherwise indicated

#### Financial Instruments

Set out below is a comparison by category for carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements. The following estimated fair value amount of the Group's financial instruments have been determined by the group, using appropriate market information and valuation methodologies. The fair value of financial instruments does not deviate from carrying amount.

	2020		2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
<i>in USD thousands</i>				
Trade receivables	0	0	992	992
Other receivables	304	304	2 029	2 029
Financial investments	-997	-997	522	522
Cash and cash equivalents	45 747	45 747	24 065	24 065
Accounts payable	-73	-73	-5 061	-5 061
Financial liabilities at fair value through profit or loss	0	0	0	0
Other current liabilities	-4 155	-4 155	-202	-202
Shareholder loan	0	0	-28 845	-28 845
Secured credit facility	-137 889	-137 889	-148 321	-148 321

#### Risk Management

The Awilco Eco Tankers Holding Group is exposed to financial market risks such as fluctuations in currency exchange rates, interest rates, the oil price and other market risks that may influence the value of assets, liabilities and cash flow.

Management has routines for assessing the Group's financial market risk in general, as well as evaluating hedging strategies for specific exposures as they arise. The primary strategy used for reducing the financial market risks is the use of derivatives, where appropriate. Derivative instruments are only used for the purpose of hedging financial risks. The Group does not use instruments with the objective of profiting from gains in interest rates and exchange rate fluctuations.

#### Currency risk exposure

The Group's primary economic environment is the international market for crude oil transportation, where transactions generally are settled in USD. Consequently, virtually all of the revenues and majority of operating costs are settled in USD. The assets of the Group and the debt are also denominated in USD. The currency risk of the Group is related to operating and administrative denominated in other currencies than USD. The balance sheet items denominated in other currencies than USD are considered insignificant. To manage currency risk, management reviews whether to enter into forward contracts for USD/NOK or USD/EUR or using other financial instruments to hedge this risk.

#### Exposure to fluctuations in the interest rate

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group pay interests tied to its credit facility on a quarterly basis. The interest rate is calculated based on the 3M LIBOR rate plus a risk premium of 250 bp. The Group has entered into an interest rate agreement securing a fixed rate of 1,39% plus charges for USD 85 mill throughout the loan period.

The interests tied to the shareholder loan are also tied to the 3M LIBOR rate, and quarterly interests are accrued during the year and added to the principal amount at the end of the year. The Group has not entered into any interest rate agreements related tied to the shareholder loan.

Interest rates risk sensitivity: The sensitivity analyses below have been determined based on the exposure to interest rate for both derivatives and floating rate long term debt. For floating rate long term debt, the analysis is prepared assuming the amount if liability outstanding at the reporting date was outstanding for the whole year. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the profit for the year would decrease/increase by KUSD 262.

#### Credit risk exposure

Credit risk refers to the risk that a counterparty defaults on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities, primarily trade receivables. At year end all vessels are trading in the spot market. The Group has limited amounts of accounts receivables and no loss has been required to trade receivables in 2020 or 2019.

#### Liquidity risk exposure and capital structure

Liquidity risks may arise if a company is not able to pay its financial obligations at due date. The Group applies cash flow forecasting to ensure that the activities are adequately financed at all times. The capital structure is reviewed on an ongoing basis to ensure that the capital structure is in alignment with the commitments and covenants under the credit facility and to support its operations.

#### Operational risk

The Group assumes operational risks associated with the loading, off-loading and transportation of oil cargoes, which can impact the operation of the vessels. Marine transportation is inherently risky, and an incident involving significant loss of product or environmental contamination by any of our vessels could harm our reputation and business. Our vessels are operated by external technical management companies in a manner intended to mitigate these operational risks. The Group and the fleet managers actively seek to manage the risks inherent in the Group's business and are committed to eliminate incidents that threaten the safety and integrity of the Group's vessels.



## Awilco Eco Tankers Holding Group

### Note 20 - Events in 2020 / 2019

#### Events in 2020

During March and April 2020, all four vessels secured timecharter contracts of various durations. Eco Queen entered into a 6 months timecharter contract until the beginning of September at USD 80,000 per day. Thereafter it was on a TC-contract at USD 30.500 until mid february 2021. Eco Future and Eco Leader entered into 12 month timecharter contracts until the end of March 2021 at usd 65,000 per day. Eco Seas entered into a three year timecharter contract until the end of March 2023 at USD 49,000 per day.

#### Events in 2019

All four vessels installed scrubbers in 2019 to comply with the IMO 2020 regulations which took effect from 1 January 2020. This was financed by the use of the Group's existing liquidity. The contracts for the gas cleaning components (scrubbers) for all four vessels amount to EUR 4.960.000. In addition to the components, the company entered into an agreement with Keppel shipyard in Singapore for installation of additional equipment tied to the systems.

### Note 21 - Subsequent events

In January 2021 the Company entered into an agreement to sell two of the VLCCs owned by the company. A Memorandum of Agreement (MOA) was signed on January 19 for the sale of Eco Queen (owned by Awilco Eco Tankers 3 AS) and Eco Future (owed by Awilco Eco Tankers 2 AS), for delivery after their current TC expire, for USD 68 mill per vessel. The first vessel, Eco Queen, was delivered to the new Owner in Singapore on February 18th. Eco Future is expected to be handed over in april 2021. As a result of the sale and in accordance with the Loan Facility, the outstanding loan tranches for each vessel will be fully repaid upon delivery of the vessels to the new owner.



**Financial statement**

**1 January - 31 December 2020**

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**Awilco Eco Tankers Holding AS**

Company registration number 913 111 621

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## Awilco Eco Tankers Holding AS

### Income statement

All figures in NOK 1000

	Note	01.01 - 31.12 2020	01.01 - 31.12 2019
<u>Operating income and expenses</u>			
Management fee	8	16 126	10 738
Other operating income		0	0
		<u>16 126</u>	<u>10 738</u>
Salary and personell expenses	8	4 442	1 912
Other operating expenses		0	0
Depreciation and amortization	1	0	0
Sales, general and administrative expenses	8	4 763	4 917
		<u>9 204</u>	<u>6 829</u>
Operating profit/(loss)		<u>6 921</u>	<u>3 909</u>
 <u>Finance income and expenses</u>			
Interest income		1 497	3 092
Interest income, intercompany	8	32 218	57 527
Foreign exchange gain/(loss)		(50 779)	2 850
Foreign exchange gain/(loss) unrealised		55 103	(9 186)
Interest expense		(52 578)	(64 808)
Interest expense, related parties	8	(6 222)	(18 734)
Net gain/(loss) financial investments		0	0
Valuation adjustment financial investments		0	0
Other finance income/(expenses)		(6 743)	(6 245)
Net financial items		<u>(27 504)</u>	<u>(35 503)</u>
Profit/(loss) before tax		(20 583)	(31 594)
Tax expense	2	<u>(2 879)</u>	<u>(4 584)</u>
Profit/(loss) for the year		<u>(23 462)</u>	<u>(36 178)</u>
 <u>Allocations and capital transfers for the year</u>			
Dividend		0	0
Transferred to/from share premium		0	36 178
Transferred to/from other paid-in capital		0	0
Transferred to/from other equity		23 462	0
Total allocations and transfers		<u>23 462</u>	<u>36 178</u>




## Awilco Eco Tankers Holding AS

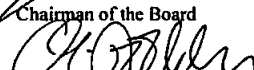
## Balance


All figures in NOK 1000

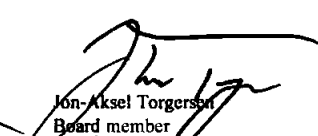
ASSETS	Note	31.12.2020	31.12.2019
<u>Non-current assets</u>			
<u>Intangible assets</u>			
Deferred tax asset	2	0	0
<u>Non-current financial assets</u>			
Shares in subsidiaries	10	509 809	1 359 809
Intercompany receivables	7	993 414	1 040 317
Financial investments		0	0
		<u>1 503 223</u>	<u>2 400 126</u>
Total non-current assets		<u>1 503 223</u>	<u>2 400 126</u>
<u>Current assets</u>			
Receivables		12 138	7 015
Financial investments	11	0	4 582
Intercompany receivables	7	0	0
Other current receivables		518	546
Bank deposits		323 115	75 358
Total current assets		<u>335 771</u>	<u>87 500</u>
Total assets		<u>1 838 994</u>	<u>2 487 626</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Paid-in capital</u>			
Share capital	3, 4	66 560	66 560
Share premium	3, 4	613 934	709 501
Other paid-in capital	3, 4	0	0
<u>Retained earnings</u>			
Reserve for valuation variances		(6 633)	3 574
Retained earnings	3	(23 462)	0
Total equity		<u>650 399</u>	<u>779 635</u>
<u>Provision for liabilities</u>			
Deferred tax	2	0	0
<u>Non-current liabilities</u>			
Debt to shareholders	9	0	253 265
Secured credit facility	9	0	1 288 028
		<u>0</u>	<u>1 541 293</u>
<u>Current liabilities</u>			
Secured credit facility, due within 1 year	9	1 168 829	148 563
Accrued interests		8 696	13 044
Tax payable	2	0	0
Accruals	11	8 504	0
Creditors		58	49
Intercompany creditors	7	506	4 308
Other current liabilities		2 002	734
Total current liabilities		<u>1 188 595</u>	<u>166 699</u>
Total equity and liabilities		<u>1 838 994</u>	<u>2 487 626</u>

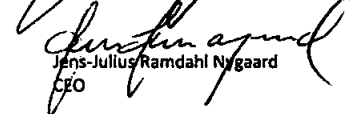
Oslo, 28 May 2021

  
Eric Jacobs  
Chairman of the Board

  
Ole Anders Engbretsen  
Board member

  
Knut Nossen  
Board member

  
Jon-Aksel Torgersen  
Board member

  
Jens-Jullus Ramdahl Nygaard  
CEO



## Awilco Eco Tankers Holding AS

### Cash flow statement

All figures in NOK 1000

		01.01 - 31.12 2020	01.01 - 31.12 2019
<u>Cash flows from operating activity</u>			
Profit/(loss) before tax		-20 583	-31 594
Tax payable		0	0
Depreciation and amortisation		0	0
Valuation adjustment financial investments		0	0
Foreign exchange effect long term debt		-55 103	9 186
Gain/loss by sale of securities		0	0
Cash flow from operations		<u>-75 686</u>	<u>-22 408</u>
Change in debtors, creditors and other accruals		-11 970	1 048
Net cash flow generated by / used in operations	A	<u>-87 655</u>	<u>-21 360</u>
<u>Cash flows from investing activities</u>			
Invested in property, plant and equipment		0	0
Invested in securities		0	0
(Invested in) / dividend from subsidiaries		850 000	0
Net cash flow from investments	B	<u>850 000</u>	<u>0</u>
<u>Cash flows from financing activities</u>			
Change in non-current receivables		96 792	101 572
Secured credit facility		0	0
Loan issue costs secured credit facility		0	0
Loan issue costs amortized		4 077	4 168
Installments on secured credit facility		-253 055	-121 157
Long-term liabilities, shareholder loan		-266 835	-65 531
Paid-in equity / (repaid) paid-in equity		-95 567	0
Net cash flow from financial activities	C	<u>-514 587</u>	<u>-80 949</u>
Net cash flow for the year	A+B+C	247 757	-102 309
Cash and cash equivalents at 1.1		<u>75 358</u>	<u>177 666</u>
Cash and cash equivalents at 31.12		<u>323 115</u>	<u>75 358</u>



## **Corporate information and accounting principles of Awilco Eco Tankers Holding AS**

### **Corporate information**

Awilco Eco Tankers Holding AS (the "Company") is a limited liability company incorporated and domiciled in Norway. Its registered office is Beddingen 8, 0250 Oslo.

The Company was incorporated January 13<sup>th</sup> 2014. The Company is through its subsidiaries engaged in the operation of four 300,000 dwt VLCCs with eco-efficient design delivered during 2016 from Daewoo Shipbuilding & Marine Engineering Co. Ltd (DSME) in Korea.

### **Summary of significant accounting principles**

#### **Basis of preparation**

The financial statements of Awilco Eco Tankers Holding AS have been prepared in accordance with the Norwegian Accounting Act and Norwegian generally accepted accounting principles. The financial statements are presented in Norwegian kroner (NOK).

#### **Shares in subsidiaries**

Shares in subsidiaries are measured at cost less accumulated impairment losses. Such assets are impaired to fair value when the decrease in value is not considered being of a temporary nature, and is deemed necessary based on generally accepted accounting principles. Any impairment recorded is reversed when the rationale for the recognized impairment loss no longer applies. Dividends, group contribution and other distributions from subsidiaries are recognized when these are resolved in the subsidiaries.

#### **Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in other currencies are translated at the exchange rate applicable at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period end exchange rates are recognized in the income statement as financial income or expense.

#### **Recognition of revenue and expenses**

Revenue from the sale of services is recognized in the income statement in the period that services are rendered at rates established in the relevant contracts. Costs are expensed in the same period as related revenue.

#### **Property, plant and equipment**

Property, plant and equipment are stated at cost less depreciation. The cost of an asset comprises its purchase price and directly attributable cost of bringing the asset to its working condition. When it can be clearly demonstrated that expenditures have resulted in an increase in future economic benefits expected to be obtained from the use of the assets beyond its originally assessed standard of performance, the expenditure is capitalized as an additional cost of the asset. Any component of an asset with a cost that is significant in relation to the total cost of the asset is depreciated separately. Components with a similar depreciation method and useful life are grouped together.

Depreciation is calculated using the straight-line method for each asset, after taking into account the estimated residual value, over its expected useful lives. Components of fixed assets with different economic useful lives are depreciated over their respective useful lives. No charge for depreciation is recorded made until the asset is available for use

#### **Impairment**

Property, plant and equipment are assessed for impairment when events or circumstances indicate the carrying amount of the assets may not be recoverable. When such indicators are present, the carrying



values of the assets are tested for recoverability. If the carrying amount exceeds the recoverable amount for the asset, an impairment loss is recognized and the asset is written down to its recoverable amount. The impairment is reversed when the basis for the write-down no longer exists.

#### **Cash and cash equivalents**

Cash represents cash on hand and deposits at bank that are repayable on demand. Cash equivalents represent short-term, highly liquid investments which are readily convertible into known amounts of cash with original maturities of three months or fewer and which are subject to an insignificant risk of change in value. The cash flow statement is presented using the indirect method.

#### **Accounts receivable**

Accounts receivables are carried at amortized cost. The interest element is disregarded if it is insignificant. Should there be objective evidence of a fall in value, the difference between the carrying amount and the present value of future cash flow is recognized as a loss, discounted by the receivable amount's effective interest rate.

#### **Share capital and dividends**

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are recognized as a reduction of equity, net of tax if deductible, from the proceeds.

Proposed dividend payments from the Company are recognized as a liability in the financial statements on the balance sheet date.

#### **Long-term interest bearing debt**

All borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method. Debt repayable within one year is classified as a current liability.

#### **Pensions**

The company has implemented a defined contribution plan for its employees. The plan complies with the requirements in the Mandatory Occupational Pension act in Norway ("Lov om obligatorisk tjenestepensjon"). Contributions on salary up until 12G are funded in a life insurance company.

The company is responsible for making an agreed contribution to the employee's pension savings. The Group has no further payment obligations once the contributions have been paid. Contributions are recognized as an employee benefit expense in the income statement when they fall due.

#### **Tax**

The tax expense consists of the tax payable and changes in deferred tax. Deferred tax is calculated at the nominal income tax rate of net temporary differences existing between accounting and tax values, and any carry forward losses for tax purposes at year-end. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized.

#### **Estimates**

The preparation of financial statements in accordance with generally accepted accounting principles requires management to exercise judgement and to make estimates and assumptions that affect the application of policies, reported amounts of revenue, expenses, assets and liabilities and disclosures. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.



## Awilco Eco Tankers Holding AS

All figures in NOK 1000 (unless otherwise stated)

### Note 1 Assets

The Group owns four Eco VLCC tankers built at the Daewoo (DSME) shipyard in South Korea. The vessels were delivered in 2016. The vessels are owned by wholly owned subsidiaries.

The vessels are depreciated over the estimated remaining useful life at the time of acquisition.

### Note 2 Income tax

The tax cost can be specified as follows;

Tax payable for the year	2020	2019
Ordinary profit/(loss) before tax	-20 583	-31 594
Permanent differences	17	8
Change in temporary differences	4 077	4 168
Change in tax loss carryforwards	16 488	27 418
Taxable income for the year	<u>0</u>	<u>0</u>
Current tax rate	22 %	22 %
Tax payable on ordinary income	<u>0</u>	<u>0</u>
Tax payable	<u>0</u>	<u>0</u>
<u>Tax payable shown in the balance sheet is calculated as follows:</u>		
Tax payable for the year	0	0
Tax payable on Group contribution (received)/paid	<u>0</u>	<u>0</u>
Total income tax payable	<u>0</u>	<u>0</u>
<u>Temporary differences offset</u>		
Miscellaneous long-term items	2 990	7 067
Other temporary differences	-8 504	4 582
Tax loss carried forward	-111 566	-101 300
Tax credit interests carried forward	-22 348	-16 126
Basis for calculation of deferred tax	<u>-139 428</u>	<u>-105 777</u>
Deferred tax rate	22 %	22 %
Deferred tax asset / (liability)	<u>30 674</u>	<u>23 271</u>
Valuation allowance of temporary differences	139 428	105 777
Deferred tax asset / (liability)	<u>-30 674</u>	<u>-23 271</u>
Total deferred tax asset / (liability)	<u>-0</u>	<u>0</u>
<u>The deferred tax expense comprises:</u>		
Deferred tax asset/(liability) in closing balance	-0	0
- Tax effect on cash flow hedge	2 879	4 584
- Tax effect changes and corrections	0	-0
- Deferred tax in opening balance	0	0
Deferred tax (expense) / income	<u>-2 879</u>	<u>-4 584</u>
<u>Total tax costs for the year comprise:</u>		
Tax payable for the year	0	0
Deferred tax	-2 879	-4 584
Total tax (expense) / income for the year	<u>-2 879</u>	<u>-4 584</u>



## Awilco Eco Tankers Holding AS

### Note 3 Equity

	Share capital	Share premium	Other paid-in capital	Reserve for valuation variances	Retained earnings	Total equity
Equity at 31.12.2016	66 560	808 190	0	12 931	0	887 681
Cash flow hedge, net of tax				2 288		2 288
Profit/(loss) 2017		-7 182			0	-7 182
Group contribution (net of tax)					0	0
Equity at 31.12.2017	66 560	801 008	0	15 220	0	882 788
Cash flow hedge, net of tax				4 605		4 605
Profit/(loss) 2018		-55 330			0	-55 330
Group contribution (net of tax)					0	0
Equity at 31.12.2018	66 560	745 678	0	19 825	0	832 063
Cash flow hedge (net of tax)				-16 251		-16 251
Profit/(loss) 2019		-36 178		0	0	-36 178
Group contribution (net of tax)					0	0
Equity at 31.12.2019	66 560	709 501	0	3 574	0	779 635
Cash flow hedge (net of tax)				-10 207		-10 207
Repaid share premium during the year		-95 567				-95 567
Profit/(loss) 2020		0		0	-23 462	-23 462
Group contribution (net of tax)					0	0
Equity at 31.12.2020	66 560	613 934	0	-6 633	-23 462	650 399

### Note 4 Share capital and shareholders

	Number of shares	Par value per share	Share capital
Share capital at incorporation date	2 000 000	1,00	2 000
Equity issue per 31 Jan 2014	1 328 000	1,00	1 328
Equity issue per 31 Jan 2014 (conversion of debt)	3 328 000	1,00	3 328
Share split, 30 Oct 2014 (1:10)	33 280 000	0,20	6 656
Equity issue per 2 May 2016 (conversion of debt)	33 280 000	0,40	13 312
Equity issue per 26 May 2016	33 280 000	0,40	13 312
Equity issue per 12 Aug 2016 (conversion of debt)	33 280 000	0,50	16 640
Equity issue per 26 Aug 2016	33 280 000	0,50	16 640
Share split, 26 Aug 2016 (1:2)	33 280 000		0
Share capital at 31.12.2020	66 560 000	1,00	66 560

The company's shares represent equal rights in the company, and the shareholders of the company are;

Shareholders of the Company	Shares	Ownership
Awilco Shipping AS	33 280 000	50,00 %
WLR/TRF Shipping II SARL (Lux)	33 280 000	50,00 %
	66 560 000	

### Note 5 Employees, remuneration to executive employees, etc.

The company has one employee.

No remuneration, issue of loans or collateral for loans has been expensed in favour of the company's officers during the financial year.

Audit fee of NOK 90.085,- is expensed for ordinary financial audit of the company (2019: NOK 56.000).

Audit fee of NOK 31.085,- is expensed for other services. (2019: NOK 17.000,-)

### Note 6 Group contribution

	2020	2019	2018	2017
Group contribution received/(accrued)		0	0	0
Tax effect of group contribution	22 %	0	0	0
Net group contribution after tax		0	0	0



## Awilco Eco Tankers Holding AS

### Note 7 Intercompany receivables and debt

	2020		2019	
	Current	Non-current	Current	Non-current
<b>Intercompany receivables</b>				
Awilco Eco Tankers 1 AS	0	222 683	0	231 993
Awilco Eco Tankers 2 AS	0	219 556	0	195 935
Awilco Eco Tankers 3 AS	0	273 563	0	308 714
Awilco Eco Tankers 4 AS	0	277 612	0	303 675
	0	993 414	0	1 040 317
<b>Intercompany debt</b>				
Awilco Eco Tankers 1 AS	121	0	1 358	0
Awilco Eco Tankers 2 AS	142	0	513	0
Awilco Eco Tankers 3 AS	117	0	1 087	0
Awilco Eco Tankers 4 AS	125	0	1 350	0
Awilco Eco Tankers 5 AS	1	0	1	0
	506	0	4 308	0

### Note 8 Related party transactions

The company sells services for commercial operations of the tanker vessels to each of the vessel owning subsidiaries.

The company purchases administrative and management services (such as budgeting, reporting, bookkeeping, etc.) from companies in the Awilhelmsen Group. All transactions with related parties are carried out on an arm's length basis, and are undertaken on commercial terms. The table below shows the total amounts involved in the transactions conducted with related parties.

	Sales to related parties	Purchases from related parties	Interest income related parties	Interest expense related parties	Salary to employees in related parties
<b>For 2020</b>					
Awilhelmsen Management AS	0	536 671	0	0	0
Awilco Technical Services AS	0	0	0	0	0
Awilco AS	0	2 975	0	0	2 351
Awilco Eco Tankers 1 AS	4 706	0	5 759	0	0
Awilco Eco Tankers 2 AS	4 559	0	8 931	0	0
Awilco Eco Tankers 3 AS	3 486	0	8 857	0	0
Awilco Eco Tankers 4 AS	3 375	0	8 671	0	0
Awilco Shipping AS	0	0	0	-3 111	0
WLR/TRF Shipping II Sarl	0	0	0	-3 111	0
	16 126	539 646	32 218	-6 222	2 351
<b>For 2019</b>					
Awilhelmsen Management AS	0	503	0	0	0
Awilco Technical Services AS	0	192	0	0	0
Awilco AS	0	2 921	0	0	0
Awilco Eco Tankers 1 AS	2 421	0	12 853	-571	0
Awilco Eco Tankers 2 AS	2 881	0	11 166	-44	0
Awilco Eco Tankers 3 AS	2 732	0	16 365	-770	0
Awilco Eco Tankers 4 AS	2 705	0	17 143	-1 223	0
Awilco Shipping AS	0	0	0	-8 063	0
WLR/TRF Shipping II Sarl	0	0	0	-8 063	0
	10 738	3 616	57 527	-18 734	0

### Note 9 Long term interest bearing debt

	2020	2019	2018	2017	2016
<b>Long-term debt to shareholders</b>					
Awilco Shipping AS	0	126 632	156 489	141 097	142 619
WLR/TRF Shipping II Sarl	0	126 632	156 489	141 097	142 619
	0	253 265	312 978	282 194	285 237
<b>Secured credit facility</b>					
Secured credit facility drawn	0	1 417 316	1 549 507	1 577 493	1 777 272
First year installment reclassified to short term debt	1 171 818	-122 222	-120 944	-114 214	-119 990
Unamortized up front fees and accrued interests	-2 990	-7 067	-11 234	-14 701	-25 894
	1 168 829	1 288 028	1 417 329	1 448 578	1 631 387

Please see the financial statements for the Group for information about the long term interest bearing debt.

### Note 10 Investment in subsidiaries

	Currency	Share capital	Par value	No. of shares owned	Holding and voting share	Cost price	Carrying value
<b>Investment in subsidiaries</b>							
Awilco Eco Tankers 1 AS	NOK	5 000 000	5,00	1 000 000	100 %	230 833	93 833
Awilco Eco Tankers 2 AS	NOK	5 000 000	5,00	1 000 000	100 %	200 833	54 833
Awilco Eco Tankers 3 AS	NOK	700 000	7,00	100 000	100 %	318 011	182 011
Awilco Eco Tankers 4 AS	NOK	700 000	7,00	100 000	100 %	318 011	179 011
Awilco Eco Tankers 5 AS	NOK	100 000	1,00	100 000	100 %	120	120
Shares in subsidiaries						1 067 809	509 809



## Awilco Eco Tankers Holding AS

### Note 11 Securities and financial instruments

<u>Cash flow hedge instruments</u>	<u>2020</u>	<u>2019</u>
Interest rate swap (1)	-8 504	4 582
	<u>-8 504</u>	<u>4 582</u>

(1) The Company has entered into interest rate agreement securing a fixed interest rate of 1,39% plus credit charge for USD 85 mill throughout the loan period. The purpose of the interest rate contract is hedging the future cash flow relating to interest payments. The fair value of the interest rate swap is recorded as other comprehensive income and classified as part of equity.

### Note 12 Financial instruments and risk management

Please see the financial statements for the Group for information regarding financial instruments and risk management.

### Note 13 Commitments, contingencies and subsequent events

Please see the financial statements for the Group for information regarding guarantees, commitments, contingencies and subsequent events.



## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Awilco Eco Tankers Holding AS and the Group, and in our opinion:

- The financial statements are prepared in accordance with the law and regulations
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act (NGAAP) and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU.

The financial statements comprise

- The financial statements of the parent company, which comprise the balance sheet as at December 31, 2020, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies
- The financial statements of the Group, which comprise the balance sheet at December 31, 2020, and income statement, statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

#### Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management review the vessels for impairment when events or circumstances indicate that the carrying amounts may not be recoverable. As at December 31, 2020, the book value of the vessels was USD 293 million, representing 86% of total assets. Impairment indicators based on the deteriorated market conditions, recent market



Revisorgruppen

Revisorgruppen Oslo AS  
Oscars gate 30  
Postboks 7154 Majorstuen  
N-0307 Oslo

Tlf.: +47 23 20 49 00

E-post: oslo@rg.no

Foretaksregisteret  
NO 917 275 254 MVA

www.rg.no



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transactions and external valuations, were reviewed. The impairment assessment of the vessels is dependent on estimates and assumptions regarding future day rates, vessel utilization, operating expenses, capital expenditures, useful lives and discount rate. Based on management's judgment of the impairment indicators and the corresponding estimates and assumptions, management decided to maintain the book value of the vessels. We consider management's impairment assessment to be a key audit matter due to the complex process and valuation model and the significant judgment involved in estimating these values.

We evaluated management's assessment of value in use. We tested the key assumptions and underlying data by comparing them to external valuations, market information and historical data. We also assessed the historical accuracy of management's estimates.

We refer to the disclosures in Note 9 of the consolidated financial statements.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the Board of Directors and the Managing Director for the Financial Statements*

The Board of Directors and the Managing Director (Management) are responsible for the preparation and fair presentation of the financial statements of the parent company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the Group in accordance with the International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT 2020**  
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*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Please refer to <https://revisorforeningen.no/revisjonsberetninger> which contains a description of the auditor's responsibilities.

**Report on Other Legal and Regulatory Requirements**

*Opinion on the Board of Directors' Report*

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and the proposal for the allocation of the profit, is consistent with the financial statements and complies with the law and regulations.

*Opinion on Registration and Documentation*

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", it is our opinion that management has fulfilled its duty to produce a proper and clearly set out record and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, May 28, 2021

Revisorgruppen Oslo AS

  
Tom Thomassen

State Authorized Public Accountant