



# Annual report 2019

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## Highlights

### Financial highlights in 2019

- Total revenues of USD 24.71m
  - USD 12.03m pool revenue
  - USD 12.31m gain on sale of H.No. 5457
  - USD 0.38m primarily related to newbuild supervision services
- Total operating expenses of USD 6.44m
  - Vessel opex incl. insurance of USD 1.44m
  - Voyage expenses of USD 1.97m, primarily relating to “start up” fuel and voyage related insurance costs prior to pool entry
  - General and administrative expenses of USD 1.11m
- Net profit of USD 15.95m
- Average daily net pool earnings of USD 66,600 including maiden voyages for all pool vessels
- Opex incl insurance of USD 6,240 per day
- Pool days and operating days of 181 and 231, respectively
- The Company paid yard instalments of approx. USD 283m in 2019 for the current fleet, and have USD 269m of remaining commitments as of year end 2019

### Key events in 2019

- Starting 1. January, the Company changed it’s presentation currency from Norwegian kroner to US dollars, as the main transactions in 2019 and going forward for Hunter Group ASA and Hunter Tankers AS have been and will be in USD
- In May, the Company successfully completed an equity private placement, raising gross proceeds of approximately NOK 695m, through the allocation of 190,454,000 shares at a subscription price of NOK 3.65 per share
- Appointed Mr. Lars M. Brynildsrud as CFO of the Company, starting August 2019
- Selected commercial and technical manager
  - In May, OSM Ship Management was as technical manager for all the Company’s newbuildings post-delivery
  - In September, Tankers International Ltd was selected as commercial manager, through creation of world’s first scrubber-fitted modern VLCC pool
- In September, the Company entered into a USD 180m Sale and-Leaseback transaction with SFL Corporation Ltd. for the first three vessels, Hunter Atla, Hunter Laga and Hunter Saga
- Successfully took delivery of three vessels ahead of original delivery schedule
  - Hunter Atla was delivered on 24 September 2019, -40 days ahead of schedule
  - Hunter Saga was delivered on 19 October 2019, -40 days ahead of schedule
  - Hunter Laga was delivered on 1 November 2019, -80 days ahead schedule
- Sold H.No. 5457 for USD 98m in October, and successfully delivered the vessel to her new owners on 1 November. All funds have been transferred and the transaction is complete

## Corporate governance policy

Hunter Group ASA's Board of Directors approved this updated Corporate Governance Policy on 27<sup>th</sup> March 2020.

### 1. Introduction

Corporate Governance regulates the responsibilities of the executive personnel and the Board of Directors of Hunter Group ASA and its subsidiaries. The subsidiaries adopts the relevant governing documents.

Hunter Group ASA ("HUNT", "the Company" or "the Group") is a Norwegian public limited liability company which shares are listed on the Oslo Børs/Oslo Stock Exchange (Oslo Axess list) and it is therefore subject to the corporate governance requirements as set out in the Norwegian Code of Practice for Corporate Governance. HUNT works according to the Norwegian Code of Practice for Corporate Governance dated 17th October 2018 ([www.nues.no](http://www.nues.no)). Where HUNT does not fully comply with the recommendations, an explanation or comment is given.

Oslo Børs/Oslo Stock Exchange prescribes that companies listed on the Oslo Børs/Oslo Stock Exchange must publish a report in their annual report on the Company's corporate governance.

HUNT aims to have effective systems in place for communication, monitoring, accountability, and incentives that also enhance the market value, corporate profit, long-term strength, continuity and overall success of the business of HUNT. In addition to strengthen the confidence amongst its shareholders.

HUNT is a small company with limited resources available within the organization. The number of employees (including managers) are 3 at year-end 2019. This fact limits the ability to allocate resources to report and follow up on Corporate Governance and Corporate social responsibility (CSR). On the other hand, a limited organization in combination with external board and a transparency culture is a strength in the company's daily work with Corporate Governance and CSR. The principles, rules and regulations are outlined to meet both today's business model and complexity and future, more complex business environments. The board will monitor the need for increased capacity to fulfill external and internal rules and regulation as the business develops.

### 2. Reporting on Corporate Governance

Hunter Group ASA's Board of Directors review and approves this Corporate Governance Policy annually, which can also be found on its website ([www.huntergroup.no](http://www.huntergroup.no)) and is included in the annual report.

The Company's basic corporate values are incorporated in the Company's management system. The Board of Directors has implemented ethical guidelines and a corporate social responsibility policy, which are reviewed and re-issued annually.

### 3. Business

In the Article of Association HUNT's business is described as follows:

Hunter group is a publicly traded investment company focusing on shipping and oil service investments.

The main investment is Hunter Tankers AS, a wholly owned subsidiary shipping company. Hunter Tanker AS' fleet consists of seven identical VLCCs. Four VLCCs have been delivered at the time of this report, while three are expected to be delivered in Q2 and Q3 2020. All the VLCCs are built by DSME in Korea, and are quipped with Wärtsila scrubbers.

The Badger Explorer technology for exploring and mapping of hydrocarbon resources is organized in the subsidiary Indicator AS. It has no employees and there has been no activity in the company in 2019. The cash burn is down to a bare minimum and is close to zero.

The Company's objectives and principal strategies are described in the annual report.

### 4. Equity and Dividends

The development of the Group's equity up to 31 December 2019 is described in the "Statement of change in equity" in the financial statements of the annual report.

## Corporate governance policy

HUNT's dividend policy aims to yield a competitive return on invested capital to the shareholders through a combination of dividends and share price development. Due to developing the Groups business investments, no dividend has been proposed for 2019.

At the Company's general meeting on 25 April 2019 and in an extra ordinary meeting 28 June 2019, the Board of Directors was granted a mandate to increase the Company's share capital by up to NOK 356,250,000 as well as to acquire up to 2,000,000 of the Company's own shares to be used in connection with the Company's share incentive program as well as for certain other purposes.

The mandate granted by the Company's general meeting on 31 May 2017 (as amended by the Company's extraordinary general meeting on 6 December 2017) were valid until 30 June 2019. The authorizations are in accordance with Norwegian Code of Practice for Corporate Governance.

### 5. Equal Treatment of Shareholders and Transactions with Close Associates

HUNT has one class of shares and is dedicated to applying equal treatment to all shareholders.

The decision to waive the existing shareholders' pre-emption rights in the event of an increase in the share capital must be justified. The Board of Directors will disclose such a justification in the stock exchange notification in connection with the increase in share capital.

If a transaction between the Company and a shareholder of the Company, a shareholder's parent company, a member of the Board of Directors or a member of executive personnel (or related parties to such persons) is considered to be material in accordance with the Norwegian Code of Practice for Corporate Governance, the Board will obtain a valuation from an independent third party. This will not apply if the GM's approval for such transactions is required according to the Norwegian Public Limited Companies Act §3-8.

Board members and the executive personnel shall notify the Board of any material direct or indirect interest in any transaction entered into by HUNT.

#### Deviation from the Norwegian Code of Practice for Corporate Governance:

The shareholders' pre-emptive rights are exempted because the Group wishes to be able to (i) use share issues for its employees, Directors and others important stakeholders with the Group as a part of the Group's share incentive scheme and (ii) issue shares towards certain specifically chosen institutional investors or others if required or desired in conjunction with the Group's expansion, development and/or strategic acquisitions.

### 6. Freely Negotiable Shares

All HUNT shares carry equal rights and are freely negotiable. Each share represents one vote at the GMs. The nominal value per share amounts to NOK 1.25. At the date of this annual report, there are no restrictions regarding transferability in the Group's Articles of Association or any other transfer restrictions related to HUNT's shares.

### 7. General Meetings ("GM")

The shareholders exercise the highest authority in HUNT through GMs.

In 2020 the Annual General Meeting of HUNT will be held on June 4th. The Group's financial calendar has been published in a notice to the Oslo Stock Exchange and is available on HUNT's website. The AGM shall approve the annual accounts, the annual report, distribution of dividend, and otherwise make such resolutions as required under the Corporate Governance Policy and the applicable law.

The Board shall publish notices of GMs and any supporting material, such as the agenda, recommendations of the Nomination Committee, the information about the shareholder's right to propose resolutions in respect of matters to be dealt with by the General Meeting and other documents as set out in the bye-laws of the Group, no later than 21 days prior to the day of the GM, on the Group's website ([www.huntergroup.no](http://www.huntergroup.no)). The Board will also ensure that the distributed notice and all supporting material are sufficiently detailed. The Board will make reasonable efforts to enable as many shareholders as possible to attend.

## Corporate governance policy

The notice shall also include information on the procedure of representation through proxy, as well as a proxy that allows giving separate voting instructions for each matter to be considered by the General Meeting and for each candidate nominated for election. The Group will nominate a person who will be available to vote on the shareholder's behalf if the shareholder has not appointed a proxy.

The Board shall make such notices of General Meetings and the relevant supporting material available through the notification system of Oslo Børs/Oslo Stock Exchange and on the Group's website no later than 21 days prior to the day of the GM.

Every shareholder has the right to put matters on the agenda of a General Meeting along with a proposed resolution within the statutory timeframe.

The shareholders may be asked to notify their attendance prior to the GM. The deadline for the notification of attendance for the AGM will be as close to the meeting as possible. Shareholders who are unable to attend may vote by proxy. A proxy form shall be attached to the notice of the GM.

The GM's chairperson shall be independent. The Company's Board and the chairperson of the GM shall ensure that the shareholders vote separately for each candidate nominated for a corporate body.

HUNT will publish the minutes of GMs (alternatively only such resolutions that were not made in accordance with the proposals made in the notice to the GM) through the notification system of Oslo Børs/Oslo Stock Exchange and on its website no later than 15 days after a GM has been held and will maintain them available for inspection in the Company's offices. The Annual General Meeting for the fiscal year 2018 was held in Oslo on May 9th where 72.86% of all shares were represented.

### Deviation from the Norwegian Code of Practice for Corporate Governance:

The Norwegian Code of Practice for Corporate Governance demands that the Board of Directors as a whole, the members of the Nomination Committee and the Auditor are present at the General Meetings. HUNT considers it sufficient that only the chairperson of the Board and the Auditor attend GMs.

## 8. Nomination Committee

HUNT's Nomination Committee consists of two to three members, elected by the Company's General Meeting. The majority of the members shall be independent of the Board of Directors and the Company's executive personnel. No more than one member of the Board of Directors shall be member of the Nomination Committee and should not offer himself for re-election to the Board. The members of the Nomination Committee are elected by the shareholders in a GM for a period of no longer than two years.

The Nomination Committee proposes to the GM candidates for election to the Board. The composition of the Board of Directors should reflect the provisions of the Group's Corporate Governance Policy, commitment to shareholder return, independence and experience in relevant sectors (technology and business development, financing and accounting, disclosure and regulatory, etc.). The Nomination Committee also proposes the remuneration to be paid to the members of the Board of Directors.

The Nomination Committee's recommendations shall include justification as to how the recommendations take into account the shareholder interests and the Group's requirements. The following information about the proposed candidates, in particular each person's age, education, business experience, term of appointment to the Board (if applicable), ownership interest in the Company, independence, any assignments (other than the proposed Directorship) for the Company and material appointments with other companies and organizations will be disclosed. In the event that the Nomination Committee recommends re-electing current Directors, the recommendation will include information on when the Directors were appointed the Board and their attendance records.

The Nomination Committee shall elect its own chairperson according to the Group's Articles of Association. Meetings of the Nomination Committee shall be convened when deemed necessary by any of its members to adequately fulfill its assigned duties. Notice of a meeting shall be issued by the chairperson of the Nomination Committee no later than one week prior to the meeting, unless all members approve a shorter notice period.

## Corporate governance policy

The Group will provide information on its website regarding the membership of the Committee and any deadlines for submitting proposals to the Nomination Committee.

The Nomination Committee consists of:

Haakon M. Sæter (chairperson) - elected until AGM in 2020

Arne Fredly - elected until AGM in 2020

One member of the Nomination Committee is considered independent of the Board of Directors.

Deviation from the Norwegian Code of Practice for Corporate Governance:

The Group's Articles of Association regulate the election of the chairperson of the Nomination Committee. According to §6 of the Articles of Association of Hunter Group ASA the Nomination Committee elects its own chairperson.

The Norwegian Code of Practice for Corporate Governance requires guidelines regarding the Nomination Committee's duties to be set out by the General Meeting. At HUNT, the Committee itself sets out its duties in accordance with the duties presented in chapter 8 of the Group's Corporate Governance Policy.

### 9. Board of Directors: Composition and Independence

HUNT shall be headed by a Board with collective responsibility for the success of the Group.

The Board shall comprise between three and eight Directors according to §5 of HUNT's Articles of Association. Currently the Board consists of three Directors, who have all been elected by the shareholders and are not representatives of HUNT's executive personnel. The members of the Board of Directors are elected for a period of two years.

The members of the Board of Directors that were elected in the EGA 5 April 2018 are:

Henrik A. Christensen (Chairman) - elected until AGM in 2020

Kristin Hellebust - elected until AGM in 2020

Arne Fredly - elected until AGM in 2020

All members of the Company's Board of Directors are considered independent according to the Norwegian Code of Practice for Corporate Governance. Detailed information on the individual Board member can be found in the Group's website ([www.huntergroup.no](http://www.huntergroup.no)) and in the Annual Report.

Board members and close associates' ownership as of 31 December 2019:

Henrik A. Christensen owns 400 000 shares, through August AS, which represents 0,07%.

Kristin Hellebust owns zero shares.

Arne Fredly owns a total of 167,500,000 shares, through Apollo Asset Limited, which represents a total of 29,11%.

According to the Norwegian Public Limited Companies Act § 6-35 and the Norwegian Code of Practice for Corporate Governance a Group with more than 200 employees is required to elect a corporate assembly. The Group has less than 200 employees and has therefore not yet elected a corporate assembly.

### 10. The Work of the Board of Directors

The Board shall ensure that the Group is well organized and that operations are carried out in accordance with applicable laws and regulations, and in accordance with the objects of HUNT as specified in its Articles of Association and guidelines given by the shareholders through resolutions in GMs.

HUNT's Board of Directors has the ultimate responsibility for inter alia the Group's executive personnel, supervision of its activities and the Group's budgets and strategic planning. The Board of Directors produces an annual plan of its work.

## Corporate governance policy

To fulfill its duties and responsibilities, the Board has full access to the Group's relevant information. The Board shall also consider for example obtaining such advice, opinions and reports from third party advisors as it deems necessary to fulfill its responsibilities.

The "Rules of Procedure for the Board of Directors of HUNT and the Relation to CEO" were approved by the Board on 31st October 2017 and were implemented.

All of the board members are also members of the Audit Committee and Remuneration Committee.

The Board of Directors evaluates its own performance and expertise once a year.

The Board of Directors arranged 17 board meeting during the fiscal year 2019.

### Deviation from the Norwegian Code of Practice for Corporate Governance:

The Norwegian Code of Practice for Corporate Governance requires the Board of Directors to consider appointing a remuneration committee. At HUNT, the Board itself prepares all matters relating to compensation paid to the Group's executive management.

### **11. Risk Management and Internal Control**

HUNT has implemented internal control and risk management systems appropriate to the size and nature of the Group's activities. The Group's core values, ethical guidelines and the corporate social responsibility policy are incorporated in the internal control and risk management systems.

The Board of Directors carries out an annual review of the control and risk management systems and the Group's most significant exposures.

In the annual report, the Board of Directors describes the main features of the Group's internal control and risk management systems in relation to the Group's financial reporting.

### **12. Remuneration of the Board of Directors**

The remuneration of the members of the Board of Directors reflects the Board's responsibilities, expertise, the committed time and the complexity of the Group's activities.

The Board Members' remuneration (form and amount) will be reviewed annually by the Nomination Committee and is not linked to the Group's performance. It is the Nomination Committee's responsibility to prepare a proposal for the Annual General Meeting regarding the above-mentioned remuneration.

### **13. Remuneration of the Executive Personnel**

The Board of Directors establishes, as required by law, guidelines for the remuneration of the members of the executive personnel. The AGM will vote on these guidelines which help ensure convergence of the financial interest of the executive personnel and the shareholders.

The guidelines for remuneration of the executive personnel are published in the Annual report 2019 in note 23.

Performance related remuneration of the Group's executive personnel shall aim for value creation for HUNT's shareholders or the Group's earnings performance. Such arrangements shall encourage performance and be based on quantifiable factors which can be influenced by the employee. Performance related remuneration shall be subject to an absolute limit.



## Corporate governance policy

As of 31<sup>st</sup> December 2019, the executive personnel's holdings of shares are the following:

<u>Name</u>	<u>Shares</u>
Erik A.S. Frydendal	1,650,000
Sujoy K. Seal	125,000
Lars M. Brynildsrud	15,400
<b>Total</b>	<b>1,790,400</b>

### 14. Information and Communications

HUNT provides its shareholders, Oslo Børs/Oslo Stock Exchange and the financial markets generally (through Oslo Børs'/Oslo Stock Exchange's Distribution Network) with timely and accurate information. Such information takes the form of annual reports, quarterly interim reports, stock exchange notifications and investor presentations as applicable. HUNT communicates its long-term potential, including its strategy, value drivers and risk factors, maintains an open and proactive investor relations policy and a best-practice website, and gives presentations regularly in connection with annual and interim results in Oslo and Stavanger, Norway.

The Company's current financial calendar with dates of important events including the Annual General Meeting, publishing of quarterly reports and its presentations, etc. are accessible for all shareholders on [www.oslobors.no](http://www.oslobors.no) and on the Company's website [www.huntergroup.no](http://www.huntergroup.no). Subscription to news about HUNT can be made on the Company's website [www.huntergroup.no](http://www.huntergroup.no).

Generally, HUNT, as a company listed on Oslo Børs/Oslo Stock Exchange, discloses all required information as defined by law. Certain resolutions and circumstances will in any event be disclosed, including but not limited to Board and GM resolutions regarding dividends, mergers/de-mergers or changes in share capital, issue of warrants, issue of convertible or other loans, any changes in the rights vested in the shares of the Company (or other financial instruments issued by HUNT) and all agreements of material importance that are entered into between the Company and a shareholder, member of the executive personnel, or related parties thereof, or any other company in the Hunter Group ASA.

An announcement regarding HUNT's share capital and number of votes related thereto shall be made by the end of each month during which changes to any of these have occurred.

HUNT will disclose all material information to all recipients equally in terms of timing and content.

### 15. Takeovers

The Group has not implemented any specific guidelines on how to act in the event of a takeover bid.

#### Deviation from the Norwegian Code of Practice for Corporate Governance:

The Group has not yet implemented guidelines in case of a takeover. Any bid will be dealt with by the Board of Directors in accordance with applicable laws and regulations, the Norwegian Code of Practice for Corporate Governance and based on their recommendation the shareholders' approval will be requested.

### 16. Auditor

Under Norwegian law the auditor of the Company (the "Auditor") is elected by the shareholders in a GM. The current Auditor serves until a new auditor has been elected.

The Auditor participates in meeting(s) of the Board that deal with the annual accounts as well as the General Meetings. At these meetings the Auditor reviews any variations in the accounting principles applied, comments on material accounting estimates and issues of special interest to the Auditor, including possible disagreements between the Auditor and the management.

## Corporate governance policy

At least once a year the Auditor and the Board of Directors meet without any members of the Group's executive personnel present.

The Auditor presents annually to the Audit Committee/Board of Directors the main features of its plan for the audit of the Group, as well as a review of the Group's internal control procedures.

The Board of Directors established guidelines in respect to the use of the auditor by the Group's executive personnel for services other than the audit.

The remuneration of the Auditor and all details regarding the fees of the audit work and other specific assignments are presented at the AGM.

The Company's auditor shall annually submit a written confirmation that the Auditor still continues to satisfy with the requirements for independence and a summary of all services in addition to audit work that has been undertaken for the Company.

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## Corporate social responsibility policy

### 1. General

The purpose of this policy is to provide information to all our stakeholders about Hunter Group ASA's ("HUNT", "the Company" or "the Group") approach to ethical and corporate social responsibility and how we as a Company propose to work towards achieving it. HUNT is committed to enhancing shareholder value in an ethical and socially responsible manner.

By implementing this policy, the Company aims to be responsible and an exemplar of good practice. Honesty, integrity and respect for people underpin everything we as employees do and are the foundation of the Company's business practice. We are judged by how we act, and the Company's reputation will be upheld if each one of us acts in accordance with the law and the Company's social responsibility and ethical standards set out herein. The Company's reputation and future success are critically dependent on compliance, not just with the law, but also with high ethical and social standards. A reputation for integrity is a priceless asset. This policy is a further commitment to integrity for all of us and will help to safeguard that asset.

This document applies to staff, Board members, temporary employees, consultants and any person or entity acting on behalf of Hunter Group ASA and its subsidiaries. We encourage our business partners to strive for similar performance.

We are committed to continuous improvement in our corporate social and ethical responsibility and the Board of Directors and the Company will therefore review this policy regularly.

This policy was approved by the Board of Directors on 27<sup>th</sup> March 2020 and shall apply until revised and re-approved.

### 2. Business practice

#### 2.1 Correct Information, Accounting and Reporting

HUNT's business information is disclosed accurately, timely and entirely. According to the applicable laws and regulations and stock exchange listing standards, HUNT provides complete and precise accounts in all its periodic financial reports, in its public communication and documents submitted to regulatory authorities and agencies.

No information shall be withheld from the external or internal auditor.

All employees who draw up such documents are expected to apply the utmost care, and caution and will use the applicable accounting standards.

#### 2.2 Fair Competition

HUNT performs its business in such a manner that customers, partners and suppliers can trust in the Group and competes in a fair and open way.

#### 2.3 Anti - Corruption

Corruption diminishes legitimate business activities, destroys reputations and distorts competition. The Group opposes all forms of corruption. Through Group procedures, tight internal control and this policy all employees have to comply with, HUNT acts to prevent corruption within the Group.

Bribery, trading in influence, facilitation payments and all forms of corruption are prohibited. HUNT promotes its policy on corruption amongst its business partners, contractors and suppliers.

- Bribery is defined as an attempt to influence individuals when performing their duties through offering improper advantages.
- Trading in influence exists when an improper advantage (cash, loans, travel, services or similar) is offered to an individual to influence the performance a third party's duties.
- A facilitation payment is small payment to a public official to enable or speed up a process, which is the official's job to arrange.

## Corporate social responsibility policy

HUNT complies with all applicable national and international laws and regulations (for example the OECD Guidelines for Multinational Enterprises and the International Chamber of Commerce Rules of Conduct to Combat Extortion and Bribery) with respect to improper payments to local and foreign officials.

### 2.4 Money laundering

Money laundering is when proceeds from criminal activity which appear to be legitimate sources is converted into assets.

HUNT employees shall ensure financial transactions and business activities involve funds from legitimate sources and are not used to launder money.

### 2.5 Business Communications

HUNT opposes inappropriate, inaccurate or careless communications as it can create serious liability and compliance risks for the Group. All employees are required to exercise due care when communicating both internally and externally and particularly when the communication is a written document (including email).

### 2.6 Political Activity

HUNT does not support any political party. An individual employee may become involved politically as a private person without referencing to their relationship with the Group.

## 3. Personal conduct

### 3.1 Human Rights

HUNT respects the principles of the UN's Universal Declaration of Human Rights and is guided by its provisions in the conduct of the Group's business. The Board of Directors adopted this policy to express the Group's requirements for business practice and personal conduct and to demonstrate the Group's commitment to maintaining a high standard of social responsibility, ethics and integrity.

Relations with employees are based on respect. HUNT is committed to a working environment with mutual trust and where everyone is accountable for their own actions and share responsibility for the performance and reputation of HUNT.

### 3.2 Equal Opportunity

HUNT does not tolerate any kind of discrimination of employees, customers and partners on account of religion, gender, sexual orientation, age, nationality, political views, disability or other circumstances. HUNT does not tolerate unlawful employment discrimination of any kind.

The Group expects all of its employees to treat others they come in contact with through work with respect and courtesy, and to refrain from harassment, discrimination and any other behavior that may be regarded threatening or degrading.

It is everyone's responsibility to create and contribute to a positive working environment for all employees.

### 3.3 Protection of HUNT's Property and Possessions

HUNT assets are of considerable value, whether financial or physical assets or intellectual property, and may therefore only be used to advance HUNT business purposes and goals. These assets must be secured and protected in order to preserve their value.

All employees are entrusted with Group assets in order to do their jobs and are personally responsible for safeguarding and using these appropriately. Such assets include buildings and sites, equipment, tools and supplies, communication facilities, funds, accounts, computer programs and data, information, technology, documents, and know-how, patents, trademarks, copyrights, time, and any other resources or property of HUNT.

Employees are responsible for protecting Group assets against waste, loss, damage, misuse, theft, misappropriation or infringement and for using those assets in responsible ways. Use of Group assets without direct relation to HUNT requires the prior authorization of the employee's supervisor.

## Corporate social responsibility policy

### 3.4 Confidentiality

To protect the Group's legitimate interests and the individual's privacy and integrity, every employee shall apply the utmost care to prevent disclosure of confidential information. The Group's property or information gained through the employee's position in HUNT may never be used for personal benefit.

The duty of confidentiality continues after the termination of the employment.

### 3.5 Conflict of Interest

Individuals acting on behalf of HUNT shall behave objectively and without any kind of favoritism. Companies, organizations or individuals the Group does business with shall not be given any improper advantages.

No employee may work on any matter or participate in any decision in which they, their spouse, partner, close relative or any other person with whom they have close relations has a material direct or indirect financial interest or where there are other circumstances that may undermine the trust in the employee's impartiality or the integrity of their work.

Closely related parties shall not have positions within the Group where one is the other's supervisor without the CEO's prior approval.

No employee may participate through employment, directorship or any other assignment in companies in the same line of business as HUNT without the prior written approval of the CEO or the Chairman of the Board. Members of the Company's Board shall inform the chairman of the Board of their involvement in other companies.

### 3.6 Gifts and Hospitality

No employee may, directly or indirectly, accept gifts from any of the Group's associates. This rule applies also to ongoing negotiations. If an employee is offered or may be offered such a gift, he/she shall immediately contact his/her supervisor, who will decide if the gift will affect the employee's independence should it be accepted.

Token gifts in connection with Christmas, anniversaries and the like may be exempted from this rule.

Social events, meals or entertainment may be acceptable if there is a clear business reason, and provided the cost is within reasonable limits.

## 4. Health, safety and environment (HSE)

HUNT is committed to achieving excellence in all business activities, including health, safety and environmental performance.

HUNT's overriding goal is to operate safely, in environmentally and socially responsible ways, and thereby:

- Do no harm to people
- Protect the environment
- Comply with all applicable HSE laws and regulations.

HUNT aims to provide a safe, secure and healthy working environment for all its employees, contractors and suppliers. We believe that accidents and occupational illnesses and injuries are preventable, and hence apply our efforts and resources to achieving the goals listed above.

HUNT requires its subsidiaries to implement HSE systems relevant to their industry in compliance with internationally recognized standards.

HUNT is paying for insurance for all sub-contracted workers involved with the production of ordered vessels at DSME.

HUNT has adopted the Norwegian "inkluderende arbeidsliv" (equal opportunity rights) scheme, incorporating procedures for an active follow-up on employees' sick leave and cooperating with the Group's health service. During 2018 absence due to sickness in HUNT was approximately 0%.

## Corporate social responsibility policy

HUNT aims to reduce the Company's carbon footprint and its impact on the environment through a commitment to continual improvement. It is the responsibility of the Company's management and subsidiaries to meet the Company's ambition and to comply with all applicable legislation and regulations.

On 27 September 2018 Hunter Group ASA became one of the founding members of the Carnival Corporation (CC). CC represents a group of leading companies from the commercial shipping and cruise industries that have been leaders in emission control efforts and have made significant investments in research and analysis, funding and committing resources to comply with 2020 fuel requirements through the development and use of Exhaust Gas Cleaning Systems (EGCS). The Alliance aims to support and educate on the use and effectiveness of EGCS in order to help achieve shared environmental and sustainability initiatives (founding members of the Alliance include: Carnical Corporation, DHT Holdings, Eagle Bulk Shipping, Frontline Ltd., Golden Ocean Group, Hunter Group ASA, Navig8 Group, Okeanis Eco Tankers, Oldendorff Carriers, Safe Bulk Carriers, Spliethoff, Star Bulk Carriers Corp. Torm and Trafigura).

No injuries or accidents have been reported in 2019.

### 5. Follow-up

#### 5.1 Personal Follow-Up

Everyone to whom this policy applies shall make themselves familiar with the same and carry out their duties accordingly.

#### 5.2 Handling Cases of Doubt and Breach

All employees shall without undue delay contact their supervisor, the CEO or the chairman of the Board in the event of ethical doubts, breaches of this policy or when discovering anything illegal or unethical.

#### 5.3 Manager's Responsibility

Managers shall ensure that this Group policy is communicated to their staff, and shall give advice on how they are to be interpreted. Operations within their department shall be conducted according to this policy.

#### 5.4 Outlook

HUNT will work with and assign more priority to corporate social responsibility in 2019. HUNT aims to keep absence due to sick leave low in 2020. With further emphasis on HSE, the Group works towards another accident and injury free year at HUNT.

## Responsibility Statement

The Board of Directors and the CEO confirm that to the best of our knowledge the financial statements as of 31 December 2019, which have been prepared in accordance with IFRS as adopted by the European Union and generally accepted accounting practice in Norway, provides a true and fair view on the Group's consolidated assets, liabilities, financial position and result.

We also confirm, to the best of our knowledge that the Board of Directors' report includes a true and fair overview of the development, performance and financial position of the Group, together with a description of the principal risks and uncertainties they face.

Oslo, 26 March 2020

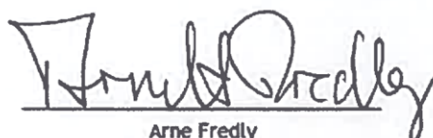
The board of directors and Chief Executive Director  
Hunter Group ASA



Henrik A. Christensen  
Chairman of the board



Kristin Hellebust  
Board member



Arne Fredly  
Board member



Erik A. S. Frydendal  
CEO

## Board of Directors' report 2019

### Operations and locations

HUNT is a public limited liability company pursuant to the Norwegian Public Limited Companies Act, incorporated under the laws of Norway. The legal and commercial name of the Company is Hunter Group ASA.

The Company was established on 20 June 2003 and is registered in the Norwegian Register of Business Enterprises under the organization number 985 955 107. The Company changed its name to Hunter Group ASA in April 2017 and also moved the Company's registered office to Oslo. The Company's registered business address now is Dronningen 1, N-0287 Oslo, Norway.

On 26 April 2018 Hunter Group entered into a definitive VLCC contract transfer agreement with Apollo Asset Ltd. Subsequently, Hunter Tankers AS was established. On 9 May at the AGM the shareholders of Hunter Group ASA approved taking over the four VLCC construction contracts and three options from Apollo Asset Ltd on a "back-to-back" basis as contracted with Daewoo Shipbuilding Marine Engineering Co., LTD whereby the Company will assume the obligations versus the Shipyard.

On 11 May 2018 the board decided to exercise the options for construction of three additional vessels. Each of the option vessels has a price of USD 82.8m, plus USD 2.7m for each scrubber. In November 2018, Hunter Tankers AS signed a contract for one additional VLCC, H.no 5470, at DSME, with identical specifications. In October 2019, the Company sold H.no 5457 for USD 98 million, taking the fleet to a total of seven VLCCs, of which four have been delivered from the yard as of the date of this report.

On 9 May 2018 it was decided in the general assembly to distribute 100 % of the shares in Dwellop AS to the Company's shareholders. Dwellop AS was acquired 2 May 2017 and consolidated into Hunter Group ASA's group accounts from this date. A valuation of Dwellop was performed by Hunter Group ASA in connection with the change of the share ownership in the company, valuing Dwellop to NOK 115 million (including equity injections of NOK 28.8 million). The formal distribution of the shares was 30 May 2018. As a consequence of the exit of Dwellop AS, the segment Dwellop was discontinued. It was also decided in 2019 to organize the development of the VLCC construction contracts in a new segment; Hunter Tankers.

In September 2019, the Company entered into a USD 180m Sale and-Leaseback transaction with SFL Corporation Ltd. for the first three vessels, Hunter Atla, Hunter Laga and Hunter Saga. Furthermore, the H.No. 5457 was sold for USD 98m in October, and successfully delivered the vessel to her new owners on 1 November.

In mid-October 2018 Hunter Group ASA was chosen as Technical Advisor by Hartree Maritime Partners, LLC to conduct the building supervision for Hartree's 4 VLCC vessels under construction at DSME. Hunter Group ASA will receive a fee for this service.

At present, there are no business activities in Indicator AS (containing the Badger-technology).

The Company's shares are listed on Oslo Axess, a regulated market operated by the Oslo Stock Exchange under the ticker "HUNT".

### Going concern

In accordance with the Accounting Act § 3-3a, we confirm that the financial statements have been prepared under the assumption of going concern. This assumption is based on the sound financial position, all newbuilding commitments being fully financed and the Group's long term forecasts. The Group's economic and financial position is sound.

### Comments related to the financial statements

The Group's revenues increased from USD 52 thousand in 2018 to USD 24.7 million in 2019. Net income from continuing operations in 2019 was USD 16.0 million compared to USD 0.1 million in 2018. The profit in 2019 is mainly due to successful chartering and operation of three delivered VLCCs.



## Board of Directors' report 2019

Total cash flow from operating activities was USD 3.2 million in 2019 mainly driven by net pool revenue.

Net cash flow from financing for 2019 was USD 256.2 million, mainly related to new equity of USD 79.2 and new loans from financing institutions of USD 180.2 related to payment for the three delivered VLCC vessels. USD 241.9 million were used for investments during the year, mainly related to installments for the VLCC construction contracts, partly offset by the sale of H.No. 5457 VLCC vessel in October.

Total consolidated adjusted cash position as per 31 December 2019 was USD 52.5 million.

Total assets at year-end 2019 amounted to USD 394.8 million, compared to USD 116.7 million last year. The equity ratio was 53.5 % as of 31 December 2019, compared to 99.8 % the year before.

### Financial risk

#### Overall view on objectives and strategy

HUNT's main objective for the management of its capital structure is to maximize value creation for shareholders, while at the same time maintaining a sound financial position.

HUNT manages its capital structure and adjusts it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue equity, take up debt or a combination of the two. No changes were made in the objectives policies or processes during the financial year.

#### Market risk

The Group's business is construction and operation of VLCCs. As HUNT has four out of seven vessels on the water, the tanker market greatly affects the Group's share price and its ability to issue equity or debt. The Group is positive on the future outlook of the tanker market.

The Group's exposure towards currency fluctuations is relatively low, since the majority both of revenues, operating expenses and capital expenditures are in USD.

#### Credit risk

The Company only trades with recognized, creditworthy third parties. It is the Group's policy that all customers that wish to trade on credit terms are subject to credit verification procedures. All cash in the Group is deposited in the Norwegian bank DNB. Payments related to the shipbuilding contracts are secured with a refund guarantee from The Export-Import Bank of Korea. Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk.

#### Liquidity risk

The Company monitors its liquidity on a regular basis, and produces liquidity forecasts in order to identify liquidity requirements in future periods. The target for HUNT's management of liquidity risk is to maintain a minimum liquidity corresponding to its net liquidity requirements for the foreseeable future, as well as to be in compliance with all financial covenants. The cash position of Hunter Group at year end 2019 was USD 52.5 million, compared to USD 35.0 million in 2018.

The Company's financial and liquidity position was significantly improved during 2019, with the Company raising approximately USD 80 million of equity in May 2019, completing a USD 180 million sale-and-leaseback with SFL Corporation Ltd in September and collecting USD ~46 million of cash from the sale of H.No. 5457 in October. In addition, the Company recorded USD 3.2 million of operating cash flow, mainly related to the operation of the first three vessels during the fourth quarter. Furthermore, in March 2020, the Company finalized the loan agreement for a USD 220m bank facility. The bank facility will cover the delivery instalments for the Company's final four newbuilds. The Company has remaining capital expenditures of USD 269m as of the end of 2019.

## Board of Directors' report 2019

The management will continue to focus on efficient operations, good planning and close monitoring of the liquidity situation and maintaining a clear business development strategy.

### The working environment, the employees and equal opportunities

The Company has not registered any critical incidents or leave of absence due to incidents. The percentage of days lost through illness was approximately 0 % in 2019 and in 2017 it was 1.9 %.

Relations with employees are based on respect. The Company is committed to a working environment with mutual trust and where everyone is accountable for their own actions and share responsibility for the performance and reputation of the Company.

The Company had 3 employees by the end of 2019.

We kindly refer to our corporate governance and corporate social responsibility documents on page 4 to 14 for further information.

### Discrimination

The Discrimination Act's objective is to promote gender equality, ensure equal opportunities and rights, and to prevent discrimination due to ethnicity, national origin, descent, skin color, language, religion and faith. The Company does not tolerate any kind of discrimination of employees, customers and partners on account of religion, gender, sexual orientation, age, nationality, political views, disability or other circumstances. The Company does not tolerate unlawful employment discrimination of any kind. The Group expects all of its employees to treat others they come in contact with through work with respect and courtesy, and to refrain from harassment, discrimination and any other behavior that may be regarded threatening or degrading.

### Environmental report

There have been no incidents reported related to emissions that has resulted in a breach of the pollution act or other pollution of significance.

### Research and development

All R&D activities in Indicator has been put on hold.

### Subsequent events

In February 2020, the Company secured a 3-year USD 220 million loan facility from a syndicate of banks consisting of Danske Bank, DNB, Nordea and SEB. The proceeds will be used to fund the final instalments for the Company's four remaining newbuild VLCCs, as well as general corporate purposes, and will be drawn on delivery of each vessel. The facility will carry a 275bps margin over LIBOR, and have a 16 year repayment profile.

Hunter Tankers AS successfully took delivery of Hunter Freya on 6 March, 18 days ahead of schedule, with the remaining three vessels scheduled to be delivered between May and August 2020.

The Company announced on 18 March that Hunter Atla, Hunter Laga and Hunter Freya each had entered into a six-month time charter agreement ("TC") on an average dayrate of approx. USD 80,000 per day, significantly de-risking second and third quarter cash flow. The TCs will commence immediately following completion of spot voyages.

The Covid-19 outbreak in 2020 has caused significant macroeconomic uncertainty, and has led to a dramatic decline in global oil consumption. The tanker market has however remained strong, following a substantial increase in OPEC crude oil production. As the situation is still rapidly developing and new responsive measures are launched every day, it is currently difficult to assess what the longer term impact of the virus outbreak will be for the Group.

## Board of Directors' report 2019

### Future challenges

For the Group, the future challenges continues to be effective project management of the construction process for the remaining newbuilds, as well as the successful chartering and operation of the Company's delivered VLCCs.

### Allocation of net income

The Board of Directors has proposed the net income of Hunter Group ASA to be attributed to:

Retained Earnings            USD 15.95 million

Oslo, 26 March 2020



Henrik A. Christensen  
Chairman of the board



Kristin Hellebust  
Board member



Arne Fredly  
Board member



Erik A. S. Frydendal  
CEO

## Consolidated statement of profit and loss 2019

<i>(Figures in USD 1 000)</i>	Note	For the year ended 31 December	
		2019	2018
<i>Continuing operations</i>			
<b>Revenues</b>			
Pool revenues	18	12 026	0
Other income	18	378	0
Net gain on sale of assets	5, 18	12 308	52
<b>Total Revenues</b>		<b>24 712</b>	<b>52</b>
<b>Operating expenses</b>			
Vessel operating expenses		1 442	0
Voyage expenses		1 968	0
Depreciation and amortisation expense	5, 6	1 915	0
General and administrative expenses	5, 17, 19, 23	1 113	2 816
<b>Total operating expenses</b>		<b>6 438</b>	<b>2 816</b>
<b>Operating profit (loss) continuing operations</b>		<b>18 274</b>	<b>-2 765</b>
<b>Net financial income (loss)</b>	<b>20</b>	<b>-2 321</b>	<b>3 280</b>
<b>Profit (loss) before taxes from continuing operations</b>		<b>15 953</b>	<b>515</b>
Tax on ordinary result	21	0	-374
<b>Net profit (loss) from continuing operations</b>		<b>15 953</b>	<b>142</b>
<i>Discontinued operations</i>			
Net profit (loss) from discontinued operations	25	0	-4 410
<b>Net profit (loss)</b>		<b>15 953</b>	<b>-4 268</b>
Earnings per share	22	0,03	-0,01
Earnings per share diluted	22	0,03	-0,01
Earnings per share continuing operations	22	0,03	0,00
Earnings per share diluted continuing operations	22	0,03	0,00
<b>For the year ended 31 December</b>			
<i>(Figures in USD 1 000)</i>		<b>2019</b>	<b>2018</b>
Profit (loss) for the year		15 953	-4 268
<b>Other comprehensive income, items to be reclassified to profit &amp; loss</b>			
Translation differences		0	-2 289
<b>Total comprehensive income</b>		<b>15 953</b>	<b>-6 557</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent company		15 953	-6 557
<b>Total comprehensive income continuing operations</b>		<b>15 953</b>	<b>-6 557</b>


## Consolidated statement of financial position

<i>(Figures in USD 1 000)</i>	Note	As at 31 December	
		2019	2018
<b>NON-CURRENT ASSETS</b>			
VLCC vessels	5, 13	254 234	0
VLCC vessels under construction	3, 5, 11, 13	79 663	56 682
Other tangible assets	5, 6, 13	217	10
<b>Total tangible assets</b>		<b>334 114</b>	<b>56 692</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>334 114</b>	<b>56 692</b>
<b>CURRENT ASSETS</b>			
Trade and other receivables	8, 13	7 351	83
Other short-term receivables	9, 16, 19	851	147
<b>Total current receivables</b>		<b>8 202</b>	<b>231</b>
Other financial investments	10	0	24 758
<b>Total other financial investments</b>		<b>0</b>	<b>24 758</b>
<b>Cash and cash equivalents</b>	10	<b>52 455</b>	<b>35 001</b>
<b>TOTAL CURRENT ASSETS</b>		<b>60 657</b>	<b>59 990</b>
<b>TOTAL ASSETS</b>		<b>394 771</b>	<b>116 681</b>

## Consolidated statement of financial position

<i>(Figures in USD 1 000)</i>	Note	As at 31 December	
		2019	2018
<b>EQUITY</b>			
Share capital (575 362 013 shares)	24	82 625	55 376
Share premium		114 914	61 123
Other equity		13 665	0
<b>TOTAL EQUITY</b>		<b>211 204</b>	<b>116 499</b>
<b>LIABILITIES</b>			
Other interest-bearing debt	6, 12, 13	174 494	0
<b>Total non-current liabilities</b>		<b>174 494</b>	<b>0</b>
Trade payables	14, 16	3 077	132
Accrued public charges and indirect taxes	16	15	9
Current portion of interest-bearing debt	6, 12	5 932	0
Other current liabilities	15, 16	49	42
<b>Total current liabilities</b>		<b>9 073</b>	<b>182</b>
<b>TOTAL LIABILITIES</b>		<b>183 567</b>	<b>182</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>394 771</b>	<b>116 681</b>

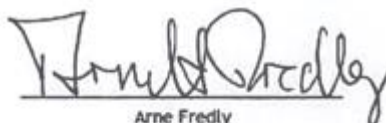
Oslo, 26 March 2020



Henrik A. Christensen  
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CEO

## Consolidated statement of cash flows

<i>(Figures in USD 1 000)</i>	For the year ended 31 December		
	Note	2019	2018
Profit (loss) before tax from continuing operations		15 953	142
Profit (loss) before tax discontinued operations		0	-4 410
Profit (loss) before tax		15 953	-4 268
Depreciation		1 915	1 126
Gain on sale of VLCC	5	-12 308	0
Net write-down intangible assets and capitalized grants		0	2 228
Financial income		-509	-874
Financial expenses		2 974	33
Change in accounts receivables and accounts payables		-4 322	12
Change in inventory		0	-571
Change in other receivables and payables and other		-496	-662
<b>Net cash flow from operating activities</b>		<b>3 208</b>	<b>-2 978</b>
Investments in VLCC newbuilds and PP & E	5	-312 840	-59 672
Sale of VLCC	5	46 136	0
Investments in other financial investments		0	-81 502
Sale of other financial investments		24 758	55 349
<b>Net cash flow from investment activities</b>		<b>-241 946</b>	<b>-85 826</b>
Interest received	20	509	874
Interest paid	20	-2 974	-33
Proceeds from borrowings financial institution	5	180 184	0
Installments other interest-bearing debt		0	-84
Installment leasing-debt (IFRS 16)	6	-48	0
Capital contribution	Equity	79 168	92 738
Transaction cost capital contribution	Equity	-647	-1 625
<b>Net cash flow from financing activities</b>		<b>256 192</b>	<b>91 871</b>
<b>Total change in cash and cash equivalents</b>		<b>17 454</b>	<b>3 068</b>
Currency effect on cash		0	-2 125
Cash and cash equivalents beginning of period		35 001	34 059
<b>Cash and cash equivalents end of period</b>	10	<b>52 455</b>	<b>35 001</b>

## Consolidated statement of changes in equity

*(Figures in USD 1 000)*

	Note	Share Capital	Share premium	Other paid- in capital	Currency translation	Retained earnings	Total equity
<b>Equity as of 1 January 2018</b>		<b>18 869</b>	<b>31 726</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50 595</b>
Net profit 2018		0	-4 268	0	0	0	-4 268
Other comprehensive income			0	0	-2 289	0	-2 289
<b>Total comprehensive income 2018</b>			<b>-4 268</b>	<b>0</b>	<b>-2 289</b>	<b>0</b>	<b>-6 557</b>
Private placement 9 May 2018	24	10 790	9 064	0	0	0	19 854
Issuance of shares 14 June 2018	24	23 379	36 471	0	0	0	59 849
Issuance of shares 19 July 2018	24	2 338	3 647	0	0	0	5 985
Warrants related to VLCC shipbuilding contracts			1 151	0	0	0	1 151
Distribution in kind, shares in Dwellop AS	25		-13 236	0	0	0	-13 236
Transactions costs (after tax)			-1 142	0	0	0	-1 142
<b>Equity as of 31 December 2018</b>		<b>55 376</b>	<b>63 412</b>	<b>0</b>	<b>-2 289</b>	<b>0</b>	<b>116 499</b>
Net profit 2019		0	0	0	0	15 953	15 953
Other comprehensive income			0	0	0	0	0
<b>Total comprehensive income 2019</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>15 953</b>	<b>15 953</b>
Private placement 22 May 2019	24	27 249	51 919	0	0	0	79 168
Transactions costs			-647	0	0	0	-647
Option plan payment			230	0	0	0	230
<b>Equity as of 31 December 2019</b>		<b>82 625</b>	<b>114 914</b>	<b>0</b>	<b>-2 289</b>	<b>15 953</b>	<b>211 204</b>



## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles

Hunter Group ASA (HUNT) is a public limited liability company, incorporated in Norway, headquartered in Oslo and listed on the Oslo Stock Exchange (Oslo Axess list), address headquarter: Dronningen 1, 0287 Oslo, Norway. The financial statements of Hunter Group ASA for the fiscal year 2019 were approved in the board meeting on 26 March 2020.

The Group's activities are described in the Board of Director's report.

#### 1.1 Basis of presentation of the accounts

HUNT's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and IFRS as adopted by the EU, and are mandatory for financial year beginning on or after 1 January 2019, and Norwegian disclosure requirements listed in the Norwegian Accounting Act as of 31 December 2019.

The historical cost basis have been used when preparing the financial statements. These policies have been applied consistently to all periods presented, and certain amounts in the comparable year have been reclassified to be consistent with current year presentation. Some totals may not equal the sum of the amounts shown due to rounding.

#### Consolidation

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full. A change in the ownership interest of a subsidiary, without a loss of control, will be accounted for as an equity transaction. The Group consist of the following companies as per 31 December 2019:

- Hunter Group ASA (parent company)
- Indicator AS (100% owned subsidiary)
- Hunter Tankers AS (100% owned subsidiary)

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

#### 1.2 Use of estimates when preparing the annual financial statements

Estimates and their underlying assumptions that affect the application of accounting principles and reported amounts of assets and liabilities, income and expenses are based on historic experience and other factors considered reasonable under the circumstances. The estimates constitute the basis for the assessment of the net book value of assets and liabilities when these values cannot be derived from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

Estimation uncertainty could mainly affect;

- VLCC vessels under construction (impairment)
- VLCC vessels (impairment)
- Deferred tax asset (impairment)
- Sale and leaseback VLCC vessels (financing of vessels vs. IFRS 15 sale)

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Please refer to 1.3, 1.15 and note 5 for further information about VLCC and deferred tax asset, and note 16 for the sale and leaseback transaction.

#### 1.3 Impairment of assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired.

An assessment of impairment losses on assets is made when there is an indication of a fall in value. If an asset's carrying amount is higher than the asset's recoverable amount, an impairment loss will be recognized in the statement of profit or loss. The recoverable amount is the higher of the fair value less costs to sell and the discounted cash flow from continued use. The fair value less costs to sell is the amount that can be obtained from a sale to an independent third party minus the sales costs. The recoverable amount is determined separately for all assets but, if this is impossible, it is determined together with the entity.

Impairment losses recognized in the statements of profit or loss of previous periods are reversed when there is information that the need for the impairment loss no longer exists or is not as great as it was. However, no reversal takes place if the reversal leads to the carrying amount exceeding what the carrying amount would have been if normal depreciation periods had been used.

The Group follows the development of the price of the Company's listed shares, the daily market rates for the VLCC operations, and monitors the development of the pricing of new ships when evaluating if there exist indicators of the Group's VLCCs. Furthermore, the management has tested recoverable amounts of the four vessels under construction. The recoverable amount was determined based on fair value less cost to sell. Management obtained an external valuation for similar newbuilds as evidence of fair value less cost to sell. Please refer to note 5 for further information.

#### 1.4 Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. USD time deposit placements has a maturity term of three months, and are classified as other financial investments.

#### 1.5 Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method.

#### 1.6 Functional currency and presentation currency

On 1 January 2019 Hunter Group changed its presentation currency from Norwegian kroner (NOK) to US dollars (USD). The main transactions for the Group before 2019 have been in NOK, but the main transactions from 2019 for Hunter Group ASA and Hunter Tankers AS are USD. The change in currency relates to the Group entering the ship building contracts at the end of 2018. As a consequence of this these two companies therefore changed their functional currencies from NOK to USD from 1 January 2019. It has been considered that a change of functional currency at the end of 2018 would not have a material impact on the Financial Statements as compared to make the change effective as from 1 January 2019. Due to the change of the functional currency for the two main companies in the Group, it is also the considered to be more beneficial to present the financial statements of the Group in USD.

## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

The change in presentation currency has been accounted for as a policy change, and comparative figures have been re-presented to USD, to reflect the change in presentation currency. Please see note 26 for further information.

Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date.

Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into USD using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates on monetary items are recognized in the income statement as they occur during the accounting period.

#### 1.7 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year, ref note 1.23 regarding discontinued operations.

#### 1.8 Financial assets

##### Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, receivables, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. The Group determines the classification of its financial assets at initial recognition. The Group's financial assets include cash and cash equivalents, trade and other receivables.

##### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at fair value through profit or loss
- Loans and receivables

Included in financial assets at fair value through profit or loss are the USD time deposits. All other assets are included in loans and receivable category.

The subsequent measurement of financial assets depends on their classification as described below:

##### ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

##### ***Receivables***

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement, such financial assets are subsequently measured at amortized cost using the EIR (effective interest rate) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the statement of profit or loss. The losses arising from impairment are recognized in the statement of profit or loss in other operating expenses for receivables.

This category includes accounts receivable and other receivables carried at amortized cost or at nominal amount less provision for bad debt where this can be regarded as a reasonable proxy for fair value.

## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

Other financial assets are cash and cash equivalents and other financial investments, measured at balance sheet date rate for items in foreign currency. After initial recognition, the USD time deposit placements in 2018 were subsequently measured at balance sheet date rate, with gains or losses recognized in profit or loss due to NOK as functional currency in Hunter Group ASA and Hunter Tankers AS up until 1 January 2019.

#### 1.9 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or borrowings at amortized cost, as appropriate.

HUNT's financial liabilities include trade and other payables, lease liabilities related to the three delivered VLCC vessels and IFRS 16 lease liabilities.

#### Subsequent measurement

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

#### **Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

#### **USD time deposit placements**

After initial recognition, the USD time deposit placements are subsequently measured at balance sheet date rate, with gains or losses recognized in profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### 1.10 Distribution of non-cash items to owners

The accounting treatment of the distribution in kind of the Dwellop shares is accounted for in accordance with IFRIC 17 "Accounting for distribution of non-cash items to owners". The distribution is of non-cash assets (shares) and all shareholders of Hunter Group ASA are treated equally in the distribution. The liability to pay a dividend is recognized when the dividend is appropriately authorized and is no longer at the discretion of the entity, which is the date of the approval from the general assembly in Hunter Group ASA 9 May 2018. The non-cash assets payable as a dividend to its owners is measured at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the entity reviews and adjust the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognized in equity as adjustments to the amount of the distribution. The difference, if any, between the carrying amount of the assets distributed and the carrying amount of the dividend payable at time of settlement is recognized in profit or loss.

## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

#### 1.11 Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. When fixed assets are sold or disposed of, the gross carrying amount and accumulated depreciation are derecognized, and any gain or loss on the sale or disposal is recognized in the statement of profit or loss.

The gross carrying amount of fixed assets is the purchased price, including duties/taxes and direct acquisition costs relating to making the asset ready for use. Subsequent costs, such as repair and maintenance costs, are recognized in profit or loss as incurred. When increased future economic benefits as a result of repair/maintenance work can be proven, such costs will be recognized in the statement of financial position as additional to fixed assets.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Plant and machinery:	3 - 5 years
VLCC vessels:	25 years
VLCC equipment:	3 - 5 years

The depreciation period, the depreciation method and the residual value of fixed assets are evaluated annually.

#### *Vessels and equipment*

The net cost of the VLCCs (less estimated residual value) is the basis for a straight-line depreciation over the estimated remaining economic useful lives (25 years). Other equipments (excluding vessel upgrades) are depreciated over its estimated remaining useful life (5 years). The estimated residual value for the VLCCs is calculated by multiplying the lightweight tonnage with the market price of scrap per tonne. The market price of scrap per tonne is based on price of scrap at delivery (USD 350/lwt). Residual values are reviewed annually.

#### 1.12 Contracts new builds

Paid instalments for new builds of VLCCs are capitalized at cost as fixed assets as each payment take place. Investments regarding the new vessels that are not included in the contract, such as inspection costs and other related costs during construction are capitalized. Vessels under construction are not depreciated until the asset is available for use. Paid instalments, inspection costs and a minor portion of the construction contract are financed using own equity. Borrowing costs will be capitalized together with the vessel to the extent that they are directly related to the acquisition of the vessel. Construction in progress is stated at cost, net of accumulated impairment losses, if any.

#### 1.13 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are evaluated at the end of each month and adjusted to reflect the available information about the provision. When the information available is insufficient, the best estimate is used.

#### 1.14 Recognition of revenue

Revenue is recognized to reflect the transfer of promised goods or services to customers, and then at an amount that reflects the consideration the company expects to be entitled to in exchange for those goods or services.

On 24 October 2018 Hunter Group ASA was appointed Senior Technical Advisor for Hartree Maritime Partners. Hunter Group provides technical newbuild supervision services for Hartree's four VLCC vessels. Hunter Group uses its best efforts to ensure that the Hartree Vessels and the Hunter Vessels are identical to the maximum extent possible. The intention is to form a new scrubber fitted pool to operate the fleet of 11 sister vessels. The agreement provides both companies with significant cost savings and synergies.

## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

In addition Hunter Group receives a fee for its services. These fees follow an agreed upon payment plan divided into steel cutting, keel laying for the first block, when the vessel leaves dry land and becomes waterborne, and when the buyers accepts delivery. As from the date of completion of planning and accept from customer, the fee of 50 % is considered earned (point in time). Thereafter the Group earns the right to payment of the remaining 50 % over time.

The Group hires out its vessels to the Tankers International (TI) pool and receives, as compensation, a daily rate that varies from day to day, depending on the net result generated in TI. The company will thus recognize such income on an ongoing basis based on earned daily rate. The company's revenues from the pool are presented as Pool revenues in the income statement.

Furthermore, the Group will also cover any surplus fuel after the ship arrives at the pool (without profit). In such cases, the Group will sell surplus fuel on board when the ship is delivered to TI. TI's surplus fuel coverage are recognized net.

The Group decided to adopt IFRS 15 in 2018 using the modified retrospective method (ie. without adjusting the comparable amounts for earlier periods). The Group has as such not evaluated contracts completed before January 1, 2018.

#### 1.15 Income tax

The tax expense consists of the tax payable and changes to deferred tax. Deferred tax/tax assets are calculated on all differences between the book value and tax value of assets and liabilities.

Deferred tax assets are recognized when it is probable that the Group will have a sufficient profit for tax purposes in subsequent periods to utilize the tax asset. The Group recognize previously unrecognized deferred tax assets to the extent it has become probable that the Group can utilize the deferred tax asset. Similarly, the Group will reduce a deferred tax asset to the extent that the Group no longer regards it as probable that it can utilize the deferred tax asset.

Deferred tax and deferred tax assets are measured on the basis of tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax and deferred tax assets are recognized at their nominal value and classified as non-current assets (long-term liabilities) in the balance sheet.

Taxes payable and deferred taxes are recognized directly in equity to the extent that they relate to equity transactions.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

The subsidiary Hunter Tankers AS is part of the shipping tax rules in Norway, which in all material aspects results in the company being taxable only for part of the net financial result.

#### 1.16 Contingent liabilities and assets

Contingent liabilities are not recognized in the annual accounts. Significant contingent liabilities are disclosed, with the exception of contingent liabilities that are remote to be incurred.

Contingent assets are not recognized in the annual accounts but are disclosed if it is probable that a benefit will be added to the Group.

## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

#### 1.17 IFRS 16 Leases

Effective from 1 January, 2019, IFRS 16 covers the recognition of leases and related disclosure in the financial statements, and replaces IAS 17 Leases. In the financial statement of lessees, the standard 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. 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 assets' useful life. The standard consequently implies a significant change in lessees' accounting for leases currently defined as operating leases under IAS 17, both with regard to impact on the balance sheet and the statement of income. With regards to lessor accounting IASB has decided to substantially carry forward the lessor accounting model in IAS 17. The standard requires adoption either on a full retrospective basis, or retrospectively with the cumulative effect of initially recognizing the standard as an adjustment to retained earnings at the date of initial application.

The Company has reviewed its rental agreements for assessing if these will change category from operational to financial lease. The standard impacted the accounting of leasing of premises as the Company rent the buildings it operates its business from.

IFRS 16 was implemented using the modified retrospective method. The effect as per 1 January 2019 was not significant. Hunter Group adopted IFRS 16 on 1 January 2019. The analysis did not identify any significant leasing items. Please see note 6 for further information.

After initial recognition, borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit or loss.

#### 1.18 Equity

##### *Cost of equity transactions*

Transaction costs directly related to an equity transaction are recognized directly in equity after deducting tax expenses.

#### 1.19 Events after the reporting period

New information on the Group's financial position at the end of the reporting period which becomes known after the reporting period is reflected in the annual accounts. Events after the reporting period that do not affect the Group's financial position at the end of the reporting period but which will affect the Group's financial position in the future are disclosed if significant.

#### 1.20 Segments

For management purposes, the Group is organized into one business unit based on its products and services, and has a reportable segment which develops the VLCC construction contracts and options (as from 2018).

No operating segments have been aggregated to form the above reportable operating segment.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.



## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

#### 1.21 Share-based payment

Employees of HUNT receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in note 22. That cost is recognized in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognized is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

#### 1.22 Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the new and amended standards and interpretations to IFRS which have been implemented by the Group during the current financial year. The Group applied IFRS 15 and IFRS 9 for the first time in 2018, and IFRS 16 in 2019. The nature and effect of the changes as a result of adoption of IFRS 16 is described below. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

*The following new and amended standards and interpretations have been implemented for the first time in 2019:*

#### **IFRS 16 Lease replaces existing IFRS lease requirements, IAS 17 Leases**

Effective from 1 January, 2019, IFRS 16 covers the recognition of leases and related disclosure in the financial statements, and replaces IAS 17 Leases. Please see 1.17 for further information.

#### **Standards issued but not yet effective**

#### **IFRS 17 Insurance Contracts**

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. IFRS 17 is not considered to be applicable to the Group.



## Notes to the consolidated financial statements 2019

### Note 1 - Significant accounting principles cont.

#### **Amendments to IFRS 3: Definition of a Business**

In October 2018, the IASB issued amendments to the definition of a business in IFRS 3 Business Combinations to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

Since the amendments apply prospectively to transactions or other events that occur on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

#### **Amendments to IAS 1 and IAS 8: Definition of Material**

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of “material” across the standards and to clarify certain aspects of the definition. The new definition states that, “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”.

The amendments to the definition of material is not expected to have a significant impact on the Group’s consolidated financial statements.

#### **1.23 Discontinued operations**

On 9 May 2018 it was decided in the general assembly to distribute 100 % of the shares in Dwellop AS to the Company’s shareholders. The formal distribution of the shares was 30 May 2018. The income statement for reflects the former Dwellop-segment in a single line.

## Notes to the consolidated financial statements 2019

### Note 2 - Government grants and development costs

HUNT have previously received grants and tax incentive schemes from different government sources, such as the Research Council of Norway (RCN), Innovation Norway and SkatteFUNN, reported as Government grants.

The development projects were funded with a percentage of the total project costs. Received government grants in 2018 were NOK 1.061 and zero in 2019.

### Note 3 - Significant acquisitions and disposals

On 9 May 2018 it was decided in the general assembly to distribute 100 % of the shares in Dwellop AS to the Company's shareholders. The income statement for 2018 reflects as if Dwellop never were consolidated.

On 9 May 2018 at the AGM the shareholders of Hunter Group ASA approved taking over four VLCC construction contracts and three options from Apollo Asset Ltd on a "back-to-back" basis as contracted with Daewoo Shipbuilding Marine Engineering Co., LTD whereby the Company assumed the obligations versus the Shipyard.

### Note 4 - Segment information

Based on the nature of the vessels, processes and type of customers it has been concluded that the Group has one segment and information on segment performance is found in the consolidated statements of income and financial position. As the financial statement is consistent with the internal financial reporting for the combination carriers segment and thus is equal to the Income Statement, Statement of Financial Position and Cash flow statement, no further disaggregation is provided. The Group does not consider the domicile of its customers as a relevant decision making guideline and hence does not consider it meaningful to allocate vessels and related income to specific geographical locations.

### Note 5 - Property, plant and equipment

<i>(Figures in USD 1 000)</i>	IFRS 16	Other	VLCC under		Total
	PP&E	tangible assets	construction	VLCC vessels	
<b>Per 31 December 2019</b>					
Cost price at 1 January	92	10	56 682	0	56 783
Additions	167	0	312 696	0	312 864
Sale of VLCC	0	0	-33 617	0	-33 617
Transfer to VLCC in operation	0	0	-256 098	256 098	0
Cost price at 31 December	259	10	79 664	256 098	336 030
Accumulated depreciations at 31 December	-48	-3	0	-1 864	-1 915
<b>Book value at 31 December</b>	<b>211</b>	<b>6</b>	<b>79 664</b>	<b>254 234</b>	<b>334 115</b>
Depreciation (straight-line method)	48	3	0	1 864	1 915
Estimated useful life	3-5 years	3-10 years	N/A	25 years	

## Notes to the consolidated financial statements 2019

### Note 5 - Property, plant and equipment cont.

<i>(Figures in USD 1 000)</i>	Property, plant, equip. & machineries	VLCC under construction	Total
<i>Per 31 December 2018</i>			
Cost price at 1 January	4 538	0	4 538
Additions	10	59 662	59 672
Disposal of Dwellop (as dividend)	-4 538	0	-4 538
Translation differences	-1	-2 980	-2 981
Cost price at 31 December	10	56 682	56 692
Accumulated depreciations at 31 December	0	0	0
<b>Book value at 31 December</b>	<b>10</b>	<b>56 682</b>	<b>56 692</b>

The Group took delivery of "Hunter Atla" (NB No. 5455) on 24 September 2019, "Hunter Saga" (NB No. 5456) on 19 October 2019 and "Hunter Laga" (NB No. 5460) on 1 November 2019. These are three of seven identical ECO design VLCC newbuildings. In addition, NB No. 5457 were sold and redelivered her to her new owner on 31 October 2019 with a gain of USD 12.3 million.

Hunter Tankers AS entered 6 September 2019 into a USD 180 million sale-and-leaseback transaction with Ship Finance International Limited ("SFL"), for the three VLCCs. The Group received net proceeds of USD 60 million per vessel for the sales of Hunter Atla (5455), Hunter Saga (5456) and Hunter Laga (5460), and have subsequently bareboat chartered the vessels back for 5 years. The Group have purchase options for all three vessels, ensuring maximum flexibility in regards to potential future vessel sales. These sale- & leaseback transactions are treated as financing-transactions. The option prices per vessel are treated as debt at amortized cost according to IFRS 9. The bareboat rate for the three VLCCs for the first 6 months is \$11,500 per day, and increases after the first 6 months. The VLCC vessels have entered the Tankers International Scrubber Pool where they commenced trading in the spot market.

The acquisition cost of the three VLCCs has as such been transferred from VLCC under construction to VLCC vessels. The depreciation have started in 2019 as the three vessels have started its activities in 2019. No significant borrowing cost were capitalized as per 31 December 2019.

It has been considered that no indications for impairment of the VLCC vessels exist as per 31 December 2019, and as such the vessels have not been tested for impairment (ref. Note 1, 1.3).

### Note 6 - IFRS 16 implementation

The IFRS 16 standard regarding Leases was implemented on 1 January 2019. The new accounting standard replaces IAS 17 Leases. IFRS 16 requires that all leases, except for short-term and low-value leases are reflected in the balance sheet as a lease liability and a Right of Use (RoU) asset. Hunter Group has used the modified retrospective method as from 1 January 2019. The Consolidated balance sheet increased by adding lease liabilities and right of use assets with USD 0.1 million. Hunter Group's equity has not been impacted from the implementation of IFRS 16. The weighted average discount rate used to calculate the IFRS 16 opening balance lease liability was 5 %. The following line items in the balance sheet have been impacted:

<i>(unaudited figures in USD 1 000)</i>	IFRS 16		
	31.12.2018	adjustments	01.01.2019
Property, plant, equipment & machineries	10	92	101
Other interest-bearing debt	0	92	92

## Notes to the consolidated financial statements 2019

### Note 6 - IFRS 16 implementation cont.

#### IFRS 16

(unaudited figures in USD 1 000)

	2019
Right of use assets 01.01	92
Addition 2019	167
Depreciation 2019	-48
<b>Right of use assets 31.12</b>	<b>211</b>

Other interest-bearing debt 01.01	92
Addition 2019	167
Installments 2019	-48
<b>Other interest-bearing debt 31.12</b>	<b>211</b>

Interest 2019	7
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Remaining rental-payments as per 31.12.19	Less than	Between	More than	Total
	1 year	2 - 5 years	5 years	
Office rent, gas bottles (5 years), liferafts (5 years) and VSAT (3 years)	87	139	0	226

### Note 7 - VLCC vessels under construction

The Company entered into a total of eight shipbuilding contracts of which one were delivered in September 2019, one in October 2019 and one in November 2019. In addition, one were already sold and redelivered her to her new owner with a gain of USD 12.3 million.

As per 31 December 2019, Hunter Tankers has made installments totaling USD 334 million for its current fleet, of which USD 51 million were paid in 2018. Remaining yard commitments are USD 269 million, as of year end 2019. Please refer to note 11 for further information.

### Note 8 - Trade and other receivables

(Figures in USD 1 000)

	31.12.2019	31.12.2018
Performed work earned, not invoiced (contract assets)	7 351	50
Other	0	33
<b>Total trade and other receivables</b>	<b>7 351</b>	<b>83</b>

#### Age distribution of trade receivables

As at 31 December, the ageing analysis of trade receivables is as follows:

	Neither past due nor impaired		Past due but not impaired				
	Total	impaired	>30 days	30-60 days	60-90 days	90-120 days	>120 days
2019	7 351	7 351	0	0	0	0	0
2018	50	50	0	0	0	0	0

Trade receivables are non-interest bearing and the payment terms are generally net 30 days. Fair value of the receivables approximates the nominal values, less provision for doubtful receivables, which was NOK 0 million per 31 December 2018 and 31 December 2019.

## Notes to the consolidated financial statements 2019

### Note 9 - Other short-term receivables

<i>(Figures in USD 1 000)</i>	31.12.2019	31.12.2018
Prepaid expenses	851	147
<b>Total other receivables</b>	<b>851</b>	<b>147</b>

### Note 10 - Cash and cash equivalents

<i>(Figures in USD 1 000)</i>	31.12.2019	31.12.2018
Cash at bank	52 455	35 001
<b>Total cash at bank</b>	<b>52 455</b>	<b>35 001</b>
Restricted bank deposits for employee withholding taxes	32	23

Due to minimum cash requirements in the bareboat-agreements with SFL, USD 2 million per ship are placed in separate bank accounts. In addition NOK 215.1 million were placed on USD time deposit as per 31 December 2018, and is classified as other financial investments as per 31 December 2018. The maturity term was three months with end dates 9<sup>th</sup> and 10<sup>th</sup> of January 2019.

### Note 11 - Conditional commitments and provisions

Through its 100% owned subsidiary Hunter Tankers AS, the Company has entered into the following commitments for the remaining VLCC ships signed as at 31 December 2019 (in MUSD);

Hull no.	2Q '18	3Q '18	4Q '18	1Q '19	2Q '19	3Q '19	4Q '19	1Q '20	2Q '20	3Q '20	Total payment
5455	8,52			8,52	8,52	59,64					85,20
5456	8,52			8,52	8,52	8,52	51,12				85,20
5457 (sold)	8,52			8,52		8,52	59,64				85,20
5460	8,55			8,55		8,55	59,85				85,50
5465			8,55		8,55		8,55	59,85			85,50
5466			8,55			8,55		8,55	59,85		85,50
5467			8,55			8,55		8,55	8,55	51,30	85,50
5470				9,08		9,08		9,08	9,08	54,45	90,75
<b>Total</b>	<b>34,11</b>	<b>0,00</b>	<b>25,65</b>	<b>43,19</b>	<b>25,59</b>	<b>111,41</b>	<b>179,16</b>	<b>86,03</b>	<b>77,48</b>	<b>105,75</b>	<b>688,35</b>
<b>Paid</b>	<b>-34,11</b>	<b>0,00</b>	<b>-25,65</b>	<b>-43,19</b>	<b>-25,59</b>	<b>-111,41</b>	<b>-179,16</b>				<b>-419,11</b>
<b>To be paid</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>0,00</b>	<b>86,03</b>	<b>77,48</b>	<b>105,75</b>	<b>269,25</b>

### Contribution recognized as capitalized grants in the statement of financial position

Through strategic industrial cooperation agreements, HUNT has historically received contributions amounting to NOK 81.5m until 2016. The Badger Demonstrator Program (2012 -2014) Agreement was supported by Equinor, Chevron Energy Technology Company, ExxonMobil Exploration and Production Norway AS, Wintershall Norge AS and China National Petroleum Corporation Drilling Research Institute (CNPC DR). The Badger Explorer Development Program has been co-sponsored by Equinor. The program was fully written off in 2017, and the business was transferred to the wholly-owned subsidiary Indicator AS.

### Note 12 - Current interest-bearing loans and borrowings

<i>(Figures in USD 1 000)</i>	31.12.2019	31.12.2018
Current portion of interest-bearing debt	5 932	0
<b>Current portion of interest-bearing debt</b>	<b>5 932</b>	<b>0</b>

## Notes to the consolidated financial statements 2019

### Note 12 - Current interest-bearing loans and borrowings cont.

#### Reconciliation of liabilities arising from financing activities:

2019	31.12.2018	Non-cash changes				31.12.2019
		Cash flows	IFRS 16	FX movement	Fair value changes	
Other interest-bearing debt (long-term)	0	174 359	135	0	0	174 494
Short-term liabilities	0	5 855	77	0	0	5 932
Currency futures	0	0	0	0	0	0
<b>Total liabilities from financing activities</b>	<b>0</b>	<b>180 214</b>	<b>211</b>	<b>0</b>	<b>0</b>	<b>180 426</b>

2018	31.12.2017	Non-cash changes				31.12.2018
		Cash flows	Divest-ment	FX movement	Fair value changes	
Other interest-bearing debt (long-term)	1 426	-111	-1 328	13	0	0
Short-term liabilities	439	0	-443	4	0	0
Currency futures	3	0	-3	0	0	0
<b>Total liabilities from financing activities</b>	<b>1 868</b>	<b>-111</b>	<b>-1 774</b>	<b>17</b>	<b>0</b>	<b>0</b>

### Note 13 - Other interest-bearing debt

(Figures in USD 1 000)	31.12.2019	31.12.2018
Other interest-bearing debt (long-term)	174 494	0
<b>Other interest-bearing debt (long-term)</b>	<b>174 494</b>	<b>0</b>

Maturity of long-term and short-term interest-bearing debt	31.12.2019	31.12.2018
Maturity 0-1 year (classified as short-term debt)	5 932	0
Maturity 2-4 years	27 866	0
Maturity 5 years and after	146 628	0
<b>Total long-term and short-term interest-bearing debt</b>	<b>180 426</b>	<b>0</b>

Average interest rate on interest-bearing debt was 7.5 % in 2019. Book value of interest-bearing debt approximately equal fair value. Please see note 16 for the maturity analysis for short term liabilities.

Book value of assets securing the interest-bearing debt	31.12.2019	31.12.2018
VLCC vessels	254 234	0
VLCC vessels under construction	79 663	0
Other tangible assets	211	0
Accounts receivables	7 351	83
<b>Total Book value of assets securing the interest-bearing debt</b>	<b>341 459</b>	<b>83</b>

No significant borrowing cost were capitalized as per 31 December 2019.

### Note 14 - Trade payables

Trade payables are generally non-interest bearing and the payment terms are net 30 days. Fair value of the payables equals the nominal value.

## Notes to the consolidated financial statements 2019

### Note 15 - Other current liabilities

(Figures in USD 1 000)

Other current liabilities	31.12.2019	31.12.2018
Unpaid vacation pay	40	21
Other accrued costs	9	-1
Other	0	22
<b>Total other current liabilities</b>	<b>49</b>	<b>42</b>

### Note 16 - Financial instruments risk management objectives and policies

HUNT is subject to market risks (foreign currency exchange risk and interest rate risk), credit risk and liquidity risk.

The Group's management oversees the management of these risks and assures that HUNT's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below.

#### Foreign currency risk

The Group's cash reserves of USD 52.5 million are deposited in the Norwegian bank DNB. The main transactions for the Group was NOK in 2018, but the main transactions for the companies Hunter Group ASA and Hunter Tankers AS has been in USD from approximately end of 2018. As a consequence of this these two companies have changed their functional currencies from NOK to USD from 1 January 2019. As commercial operations in larger scale commences, a foreign currency exchange risk policy has been introduced.

#### Interest rate risk

The Group's financial income and financial costs in the statement of profit or loss are influenced by changes in interest rates as the interest with DNB is on a floating basis. The Group had USD 3.0 million in interest expense and USD 0.5 million in interest income in 2019. The interest rate in the sale- & leaseback agreements for the three delivered VLCC vessels is fixed for the leasing period.

#### Credit risk

HUNT only trades with recognized, creditworthy third parties. It is the Group's policy that all customers that wish to trade on credit terms are subject to credit verification procedures. All cash in the Group is deposited in the Norwegian bank DNB. Payments related to the shipbuilding contracts are secured with a refund guarantee from The Export-Import Bank of Korea. Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk.

#### Liquidity risk

HUNT monitors its liquidity on a regular basis, and produces rolling liquidity forecasts on a monthly basis in order to identify liquidity requirements in future periods. The target for HUNT's management of liquidity risk is to minimum maintain a liquidity corresponding to its net liquidity requirements for 12 months. The cash position of Hunter Group at year end 2019 was USD 52.5 million, compared to USD 35.0 million in 2018.

Following the successful launch of the private placements in 2018 and 2019, the Company's financial and liquidity position was further significantly improved. The net proceeds from the Private placements has been used to fund the development of the 8 VLCC ships via its subsidiary Hunter Tankers AS. One of these VLCC ships were sold in 2019.

The management will continue to focus on efficient operations, good planning and close monitoring of the liquidity situation and maintaining a clear business development strategy.

## Notes to the consolidated financial statements 2019

### Note 16 - Financial instruments risk management objectives and policies cont.

The table below shows a maturity analysis for HUNT's total short term liabilities:

*(Figures in USD 1 000)*

	within 3 months	within 3-6 months	within 9-12 months
<b>31.12.2019</b>			
Accounts payable	3 077	0	0
Public duties payables	15	0	0
Current portion of interest-bearing debt	26	3 800	2 106
Other short-term liabilities	9	40	0
	within 3 months	within 3-6 months	within 9-12 months
<b>31.12.2018</b>			
Accounts payable	132	0	0
Public duties payables	9	0	0
Other short-term liabilities	21	21	0

The Group has options to buy the three VLCC vessels after 6 months, 18 months, 30 months, 42 months and 60 months from delivery of each vessel. The internal rate (IRR) varies insignificant between the 5 option periods. The calculation is based on exercising the options after 60 months.

Please see note 13 for the maturity analysis for long term liabilities.

#### Capital management

HUNT's main objective for the management of its capital structure is to maximize value creation for shareholders, while at the same time maintaining a sound financial position and a good credit rating.

HUNT manages its capital structure and makes adjustments to it in light of changes in economic conditions.

*(Figures in USD 1 000)*

	31.12.2019	31.12.2018
Long-term debt financial institutions	174 494	0
Short-term debt financial institutions	5 932	0
Trade and other payables	3 141	182
Other financial investments	0	-24 758
Bank deposits	-52 455	-35 001
<b>Net debt (asset)</b>	<b>131 112</b>	<b>-59 577</b>
Equity	211 204	116 499
<b>Total capital</b>		
<b>Capital and net debt</b>	<b>342 316</b>	<b>56 922</b>
Gearing ratio	38,3 %	-104,7 %
Equity ratio	53,5 %	99,8 %



## Notes to the consolidated financial statements 2019

### Note 16 - Financial instruments risk management objectives and policies cont.

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments:

<i>(Figures in USD 1 000)</i>	Fair value measurement hierarchy	31.12.2019		31.12.2018	
		Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>					
Cash and cash equivalents	Level 1	52 455	52 455	35 001	35 001
Other financial investments	Level 1	0	0	24 758	24 758
Trade receivables	Level 3	7 351	7 351	83	83
Other short-term receivables	Level 3	851	851	147	147
<b>Financial liabilities</b>					
Other interest-bearing debt (long-term)	Level 3	174 494	174 494	0	0
Current interest-bearing loans and borrowings	Level 3	5 932	5 932	0	0
Trade payables	Level 3	3 077	3 077	132	132

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group does not use hedge accounting. The sale- & leaseback debt is entered into at the end of 2019, and there has not occurred significant changes in the Group's credit rating or underlying interest rates after delivery of the vessels that indicates that the fair value deviates materially from the carrying value.

### Note 17 - Transactions with related parties

The following table provides the total amount of transactions that have been entered into with related parties controlled by members of executive management of HUNT for the relevant financial year. The purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions.

<i>Transactions with related parties (figures in USD 1 000)</i>	2019	2018
Purchased services	160	665
Account payable to related parties	0	3

For 2018, Middelborg AS has invoiced the Company USD 247 thousand, mainly related to Mr. Vegard Urnes, Investment Manager of Middelborg AS, and former CEO of Hunter Group ASA. The contract was terminated in May 2018.

Gudbrandsneset is owned by the Company's former SVP Business Development (hired on 60% basis) Mr. Eirik Bergsvik. USD 69 thousand were invoiced for consultancy services for the first part of 2018. The contract was terminated in May 2018.

The Group has used the services of the law firm Ro Sommernes DA for legal advice in 2018 and 2019. Ro Sommernes DA has invoiced the Company USD 348 thousand in 2018 and USD 160 thousand in 2019. The Company's chairman Henrik Christensen is a partner in Ro Sommernes DA.

## Notes to the consolidated financial statements 2019

### Note 17 - Transactions with related parties cont.

From 1 November 2018 the Company rents office space from Dronningen Eiendom AS. The rental agreement is for 36 months. One of the Company's shareholder is also a shareholder of Dronningen Eiendom AS.

On 26 April 2018 Hunter Group entered into a definitive VLCC contract transfer agreement with Apollo Asset Ltd. Apollo Asset Ltd. is 100% owned by Mr. Arne Fredly, board member and largest shareholder of Hunter Group ASA. During 2019 there were drawn USD 2.5 million of a short-term USD 3 million revolving credit facility with Apollo Asset Ltd (insignificant interest cost), which was repaid in full I 2019.

### Note 18 - Revenue from contracts with customers

(Figures in USD 1 000)

Year 2019	2019	2018
<b>Type of goods or services</b>		
Pool revenues	12 026	0
Other income	378	52
Net gain on sale of assets	12 308	0
<b>Total revenues</b>	<b>24 712</b>	<b>52</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	12 330	0
Services transferred over time	12 382	52
<b>Total revenues</b>	<b>24 712</b>	<b>52</b>

Geographical table	Norway	USA	Asia	Middle East	Other	
					contries	Consolidated
Total operating revenues 2019	378	0	24 334	0	0	24 712
Total operating revenues 2018	52	0	0	0	0	52

Pool revenues are day rates received from the pool Tankers International, and is considered earned per day.

### Note 19 - Specification of other operating expenses

(Figures in USD 1 000)

	2019	2018
Office rent (IFRS 16 from 1.1.19)	0	76
IT and office-related expenses	33	145
Audit, audit-related services and accounting fees	193	545
Various legal fees	120	1 470
Insurance, car, travel and other expenses	47	116
<b>Totalt</b>	<b>394</b>	<b>2 352</b>

Included in various fees in 2018 are one-off costs related to the negotiations with IKM for possible acquisition USD 0.9 million, whereof the remaining costs mainly relates to the Dwellop-exit and the acquisition of the VLCC construction contracts.

## Notes to the consolidated financial statements 2019

### Note 20 - Finance income and finance expenses

This section provides additional information about individual line items of finance income and finance expense in the statement of profit or loss by type.

<i>Finance income (Figures in USD 1 000)</i>	2019	2018
Interest income related to cash, cash equivalents & other financial investments	509	874
Other financial income	0	0
Currency gain	1 076	2 432
<b>Total finance income</b>	<b>1 585</b>	<b>3 307</b>
<i>Finance expenses (Figures in USD 1 000)</i>	2019	2018
Interest expense related to debt to financial institutions	2 974	0
Other financial expenses	931	26
Currency losses	0	0
<b>Total finance expenses</b>	<b>3 906</b>	<b>26</b>
<b>Total finance income (loss)</b>	<b>-2 321</b>	<b>3 280</b>

Interest income on cash & cash equivalents consist of earned interest on the Group's cash & cash equivalents placements, including the USD time deposit placements classified as Other financial investments.

### Note 21 - Income tax

<i>Income tax expense (Figures in USD 1 000)</i>	2019	2018
Payable tax	0	0
Changes in utilized tax asset	0	-374
<b>Total tax expense</b>	<b>0</b>	<b>-374</b>
<i>Calculation of basis for tax (Figures in USD 1 000)</i>	2019	2018
Earnings before tax	15 953	515
Permanent differences	-647	-1 507
Currency adjustments due to NOK as tax basis	3 219	101
Adjustment related to shipping tax rules	-16 925	0
Changes in temporary differences	-6	-18
Use of tax loss brought forward	-1 595	0
<b>Total basis for tax</b>	<b>0</b>	<b>-909</b>
<i>Summary of temporary differences:</i>	2019	2018
Fixed assets	-29	-35
Loss carried forward	-37 641	-39 236
<b>Total</b>	<b>-37 669</b>	<b>-39 271</b>
Calculated deferred tax asset (22 %)	-8 287	-8 640

## Notes to the consolidated financial statements 2019

### Note 21 - Income tax cont.

#### Statement of financial position

Deferred tax asset (Figures in USD 1 000)	2019	2018
Loss carried forward	-8 281	-8 632
Accruals	0	0
Fixed assets	-6	-8
<b>Total deferred tax asset</b>	<b>-8 287</b>	<b>-8 640</b>
Not recognized deferred tax asset	8 287	8 640
<b>Total deferred tax asset recognised in the statement of financial position</b>	<b>0</b>	<b>0</b>
<b>Loss carried forward as of 31 December</b>	<b>2019</b>	<b>2018</b>
Unlimited carrying forward	-37 641	-39 236
<b>Effective tax rate</b>	<b>2019</b>	<b>2018</b>
Profit / (loss) before tax	15 953	515
22% / 23% tax of earnings before tax	3 510	119
Permanent differences	-142	-347
Currency effect due to NOK as tax basis	708	23
Adjustment related to shipping tax rules	-3 723	0
Changes in deferred tax asset not recognised in the statement of financial position and other	-352	-562
Effect due to 1% reduction in tax rate *	0	393
<b>Calculated tax cost</b>	<b>0</b>	<b>-374</b>
Effective tax rate	0 %	59 %

\*With effect from the 2019 financial year, the corporate taxable profits (ordinary income) are taxed at a flat rate of 22 %. Deferred tax assets and liabilities at 31 December 2018 and 2019 have been calculated using 22 % tax rate. The tax loss brought forward is related to Norway, and there exist no restrictions of the possibility to bring forward these tax losses (no maturity date).

### Note 22 - Earnings per share

Earnings per share is calculated as net profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of shares outstanding over the year.

Diluted earnings per share is calculated as net profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of share outstanding over the year plus the weighted average number of dilutive potential shares.

On 26 April 2018 Hunter Group entered into a definitive VLCC contract transfer agreement with Apollo Asset Ltd. Apollo Asset Ltd. Is 100% owned by Mr. Arne Fredly, board member and largest shareholder of Hunter Group ASA. In consideration of Apollo entering into the Contract Transfer Agreement, Apollo is entitled to subscribe for new shares in the Company as follows: (i) 5,000,000 shares at a subscription amount of NOK 2.60 per share (exercisable within 3 years from the date of issuance of the Warrants); (ii) 5,000,000 shares at a subscription amount of NOK 2.90 per share (exercisable within 4 years from the date of issuance of the Warrants); and (iii) 5,000,000 shares at a subscription amount of NOK 3.20 per share (exercisable within 5 years from the date of issuance of the Warrants), together, the "Warrants".

No share options were awarded in 2018, while 2 000 000 options were awarded in 2019.

## Notes to the consolidated financial statements 2019

### Note 22 - Earnings per share cont.

<i>(Amounts in USD 1 000)</i>	2019	2018
Net profit (loss)	15 953	-4 268
Net profit (loss) from continuing operations	15 953	142
Weighted average number of outstanding ordinary shares during the year	501 268	290 285
Effect of dilution - warrants	7 062	1 810
Effect of dilution - share options	408	0
<b>Weighted average outstanding diluted shares</b>	<b>508 737</b>	<b>292 095</b>
<b>Earnings (loss) per share</b>	<b>2019</b>	<b>2018</b>
Earnings per share	0,03	-0,01
Earnings per share diluted	0,03	-0,01
Earnings per share continuing operations	0,03	0,00
Earnings per share diluted continuing operations	0,03	0,00

### Note 23 - Payroll and related expenses

<i>(figures in USD 1 000)</i>	2019	2018
Salaries and vacation pay	378	335
Social security tax	60	60
Pension expense ("OTP")	19	20
Employee share option program expense (incl. national insurance contributions)	230	0
Remuneration to the Board of Directors and the Nomination Committee	28	46
Other benefits	4	4
<b>Total payroll and related expenses</b>	<b>719</b>	<b>465</b>
	2019	2018
Average work years	3	3

#### Pension scheme

The Company has a defined contribution pension scheme that complies with the Norwegian occupational pension legislation (called "OTP"). The pension contributions range from 4 % 0 - 7.1 G to 7 % 7.1 -12 G of the employee's salary - maximized to a percentage of 12 G (NOK 1,198,296). The National Insurance scheme basic amount for 2019 is NOK 99,858. The retirement age for all employees, including the management, is 67 years.

The Group is obliged to have an occupational pension scheme pursuant to the Act on Occupational Pensions. The Group's pension plans meet the requirements of this Act.

	2019	2018
Contributions expensed during the year	19	20

## Notes to the consolidated financial statements 2019

### Note 23 - Payroll and related expenses cont.

#### Remuneration to management (amounts in USD)

The total remuneration for the members of the management was USD 219 thousand in 2019, compared to USD 201 thousand in 2018.

Total remuneration to management during the year ended 31 December	2019			2018		
	Other			Other		
	Salary	Remuneration	Pension cost	Salary	Remuneration	Pension cost
Erik Frydendal, (CEO)*	171 312	500	9 416	76 849	270	693
Ola Beinnes Fosse (CFO)**	0	0	0	122 186	270	492
Lars M. Brynildsrud (CFO)***	45 995	167	0	0	0	0

\* Erik Frydendal took on the positions as CFO and CEO from 19 March 2018.

\*\* Effective from 15 June 2017, Mr. Ola Beninnes Fosse took on the position as CFO. He resigned 6 March 2018.

\*\*\* Lars M. Brynildsrud replaced Erik Frydendal as CFO from 12 August 2019.

Executive management of HUNT consists of CEO and CFO.

Shares and options held directly or indirectly by the management group as of 31 December 2019 are as follows:

	Number of		Exercise price	
	shares	% shares	Options	(USD)
Lars M. Brynildsrud, CFO	15 400	0,01 %	500 000	0,38
Erik Frydendal, CEO	1 650 000	0,29 %	1 000 000	0,38
<b>Total</b>	<b>1 665 400</b>	<b>0</b>	<b>1 500 000</b>	<b>-</b>

Changes in share options held by the management group are as follows:

	Options of 1 January 2019	Options granted in the period		Options as of 31 December 2019	
		Options for- feited in the period	Options vested in the period	Options	Options
Lars M. Brynildsrud, CFO	0	500 000	0	0	500 000
Erik Frydendal, CEO	0	1 000 000	0	0	1 000 000
<b>Total</b>	<b>0</b>	<b>1 500 000</b>	<b>0</b>	<b>0</b>	<b>1 500 000</b>

See the section "Remuneration policy for members of executive management" for further information.

#### Remuneration to the Board of Directors and the Nomination Committee

The allocation of remuneration to the members of the Board and Nomination Committee is paid as follows in 2018 and 2019:

(amounts in USD)	2019	2018
John Vemmestad - Chairman of the Board (from May 2017 to April 2018)	0	12 296
Ingrid Elvira Leisner - Board member (from May 2017 to April 2018)	0	12 296
Kjetil Grim Skorstad - Board member (until April 2018)	0	12 296
Kristin Hellebust - Board member from April 2018	11 389	3 074
Henrik A. Christensen - Chairman of the Board from April 2018	17 084	6 148
<b>Total remuneration</b>	<b>28 473</b>	<b>46 109</b>

## Notes to the consolidated financial statements 2019

### Note 23 - Payroll and related expenses cont.

#### Employee share option program

The number of employees share options and average exercise prices for HUNT and development during the year:

	2019		2018	
	Share options	Weighted average exercise price	Share options	Weighted average exercise price
<b>Summary of outstanding options:</b>				
Balance at 1 January	0	-	500 000	0,69
Granted during the year	2 000 000	0,38	0	-
Cancelled during the year	0	-	0	-
Forfeited during the year	0	-	-500 000	-
Balance at 31 December	2 000 000	-	0	-
Vested options	0	-	0	-
Weighted Average Fair Value of options granted during the period	2 000 000	-	0	-

Fair value of the options granted was measured using the Black-Scholes model. Measurement inputs included share price on measurement date, exercise price of the instrument, expected volatility, weighted average expected life of the instruments, expected dividends, and the risk-free interest rate. At the end of 2019, the Company revised its estimates of the number of options that were expected to vest.

Mr. Fryndal was through his controlled company Sagittarius Capital Ltd, granted 1,000,000 LTI Options, with a strike price per share equal to the closing price on 28 March 2019 (NOK 3.23). They have a 12 month vesting period on terms set out in the Company's LTI rules, as adopted by the Company's annual general meeting (AGM) as per 25. April 2019, with effect from the commencement date of employment. The expiration date is 25 April 2024, and has a volatility in the calculation of approximately 45 %.

Mr. Brynildsrud was been granted 500,000 LTI Options, with a strike price per share equal to the subscription price in the Private Placement completed on 23 May 2019, i.e. NOK 3.65 per share, and with a 12 month vesting period on terms set out in the Company's LTI rules, as adopted by the Company's AGM as per 25. April 2019, with effect from the commencement date of employment. The expiration date is 12 August 2024, and has a volatility in the calculation of approximately 42 %.

#### Implemented remuneration policy for members of executive management for 2019:

The fixed salary for each member of the management shall be competitive and based on the individual's experience, responsibilities as well as the results achieved during the previous year. Salaries as well as other benefits shall be reviewed annually, and adjusted as appropriate.

In addition to their base salary, the Company's management may be granted additional remuneration in the form of a bonus. The assessment criteria of such bonus will be based on both the Company's performance and the individual's performance. The targets to be reached by the CEO are to be determined by the Company's Board of Directors. The CEO will set relevant targets for the other members of the management, based on principles defined by HUNT's Board of Directors. No provision for bonus has been recognized for 2019.

The Company's management will receive payment in kind such as cell phone expenses and payment of IT and telecommunication expenses.

The CEO and CFO have a 6-month notice period with salaries, where they retain options then granted.

## Notes to the consolidated financial statements 2019

### Note 23 - Payroll and related expenses cont.

#### Remuneration policy for members of executive management - Guidelines for 2020:

The main principle of the Company's remuneration policy for HUNT's management is to offer competitive terms in an overall perspective taking into account salary, payments in kind, bonuses, pension plans and other benefits, to retain key staff.

In addition to their base salary, the Company's management may be granted additional remuneration in the form of a bonus. The assessment criteria of such bonus will be based on both the Company's performance and the individual's performance. The targets to be reached by the CEO are to be determined by the Company's Board of Directors. The CEO will set relevant targets for the other members of the management, based on principles defined by HUNT's Board of Directors.

The Company's management will receive payment in kind such as cell phone expenses and payment of IT and telecommunication expenses.

#### Auditor's fee

The following table shows remuneration related to professional services rendered by the Company's principal auditor, Ernst & Young AS, for fiscal year 2019 and 2018. The amounts shown are exclusive of value added tax.

<i>(Amounts in NOK 1 000)</i>	2019	2018
Audit fee	46	36
Assurance services	6	164
Other assistance	21	196
<b>Total</b>	<b>73</b>	<b>396</b>

### Note 24 - Share capital and shareholder information

Share capital as at 31 December 2019 was USD 82.6 million, being 575,362,013 ordinary shares at a nominal value of USD 0.144 each (NOK 1.25). All shares carry equal voting rights. New shares have been issued in 2019, ref. statement of changes in equity.

Number of ordinary shares	2019	2018
Ordinary shares at 1 January	384 908	131 158
Capital increases	190 454	253 750
Ordinary shares at 31 December	<b>575 362</b>	<b>384 908</b>

On 9 May 2018, the private placement consisting of 75,000,000 new ordinary shares for gross proceeds of NOK 172.5 million (USD 19.9m) with a subscription price of NOK 2.30 was registered in The Register of Business Enterprises.

On 18 May 2018, issuance of subscription rights to all shareholders in the Company as of 16 May, who were not allocated Offer shares in the Private Placement (NOK 520m/USD 59.8m) and who are not resident in a jurisdiction where such offering would be unlawful or require a prospectus filing or similar. Subscription price NOK 3.2.

On 30 May 2018, distribution of all the Company's 206,158,013 shares in Dwellop AS as a payment in kind dividend to all shareholders on record per 18 May 2018.

On 14 June 2018, HUNT has issued 162,500,000 new ordinary shares for gross proceeds of NOK 520.0 million (USD 59.8m) with a subscription price of NOK 3.20, and registered it in The Register of Business Enterprises.

On 19 July 2018, HUNT has issued 16,250,000 new ordinary shares for gross proceeds of NOK 52.0 million (USD 6.0m) with a subscription price of NOK 3.20, and registered it in The Register of Business Enterprises.



## Notes to the consolidated financial statements 2019

### Note 24 - Share capital and shareholder information cont.

On 22 May 2019, HUNT has issued 190,454,000 new ordinary shares for gross proceeds of NOK 695 million (USD 79.2m) with a subscription price of NOK 3.65, and registered it in The Register of Business Enterprises.

The 20 largest shareholders held 66.6 % of the outstanding shares. As at 31 December 2019, the 20 largest shareholders were as follows:

Shareholders	Number of shares	% shares
1 Apollo Asset Limited	167 500 000	29,1 %
2 Sundt As	41 089 964	7,1 %
3 Songa Trading Inc	29 623 589	5,1 %
4 Songa As	20 000 000	3,5 %
5 Swap Invest As	15 613 718	2,7 %
6 Bnp Paribas Securities Services	15 031 600	2,6 %
7 Titan Opportunities Fund Ic Sicav	10 500 000	1,8 %
8 Verdipapirfondet Dnb Smb	9 790 640	1,7 %
9 Verdipapirfondet Nordea Kapital	7 938 479	1,4 %
10 Verdipapirfondet Delphi Norge	7 346 280	1,3 %
11 Dnb Markets Aksjehandel/-Analyse	7 095 861	1,2 %
12 Verdipapirfondet Fondsinans Norge	7 000 000	1,2 %
13 Halvorsens Fabrikk As	6 568 000	1,1 %
14 Tigerstaden As	6 500 000	1,1 %
15 Verdipapirfondet Nordea Avkastning	6 296 431	1,1 %
16 Stavanger Forvaltning As	5 400 177	0,9 %
17 Dnb Luxembourg S.A.	5 280 564	0,9 %
18 State Street Bank And Trust Comp	5 072 858	0,9 %
19 Argentum Fondsinvesteringer As	4 920 697	0,9 %
20 Barclays Capital Sec. Ltd Firm	4 761 977	0,8 %
<b>Total shares for top 20 shareholders</b>	<b>383 330 835</b>	<b>66,62 %</b>
<b>Total shares for other shareholders</b>	<b>192 031 178</b>	<b>33,38 %</b>
<b>Total shares</b>	<b>575 362 013</b>	<b>100,0 %</b>

The following members of the Board of Directors and member of executive management held shares as of 31 December 2019:

	2019	2018
August AS (Henrik Christensen - Chairman)	400 000	400 000
Apollo Asset Ltd (Arne Fredly - Board member)	167 500 000	102 956 677
Lars Brynildsrud (CFO)	15 400	0
Sagittarius Capital Ltd (Erik Frydendal - CEO)	1 650 000	1 650 000
<b>Ordinary shares</b>	<b>169 565 400</b>	<b>105 006 677</b>
% of total shares	29,5 %	27,3 %

## Notes to the consolidated financial statements 2019

### Note 25 - Accounting effects of the exit of Dwellop

On 9 May 2018 it was decided in the general assembly to distribute 100 % of the shares in Dwellop AS to the Company's shareholders. Dwellop AS was acquired 2 May 2017 and consolidated into Hunter Group ASA's group accounts from this date. A valuation of Dwellop was performed by Hunter Group ASA in connection with the change of the share ownership in the company, valuing Dwellop to NOK 115 million (including equity injections in 2Q of NOK 28.8 million). As the goodwill related to the CGU of Dwellop was written down with NOK 25.5 million in 1Q 2018, the distribution did not result in any gain/loss. The formal distribution of the shares was 30 May 2018.

The table below sets out the unaudited income statements, the statements of financial position and the cash flow statements for the part related to Dwellop (discontinued operations) for the periods presented.

(Figures in USD 1 000)

	Year to date
<b>Results related to Dwellop</b>	<b>09.05.2018</b>
Revenues	1 690
Total operating expenses	5 848
<b>Operating profit (loss) from discontinued operations</b>	<b>-4 158</b>
Net financial income (loss)	-91
<b>Profit (loss) before taxes from discontinued operations</b>	<b>-4 249</b>
Tax on ordinary result	0
<b>Profit (loss) from discontinued operations</b>	<b>-4 249</b>
Earnings per share	-0,01
Earnings per share diluted	-0,01
	<b>Year to date</b>
<b>Cash flow related to Dwellop</b>	<b>09.05.2018</b>
Net cash (to)/from operating activities	-36
Net cash (to)/from investing activities	0
Net cash (to)/from financing activities	-751
<b>Net cash flow for the year from discontinued operations</b>	<b>-786</b>
	<b>09.05.2018</b>
<b>Statement of financial position related to Dwellop</b>	<b>09.05.2018</b>
Total intangible assets	8 574
Total tangible assets	3 253
Total inventories and current receivables	5 497
Cash and cash equivalents	-93
<b>TOTAL ASSETS FROM DISCONTINUED OPERATIONS</b>	<b>17 230</b>
Total equity	14 223
Total non-current liabilities	0
Total current liabilities	3 007
<b>TOTAL EQUITY AND LIABILITIES FROM DISCONTINUED OPERATIONS</b>	<b>17 230</b>

## Notes to the consolidated financial statements 2019

### Note 26 - Change of presentation currency - re-presentation of comparative periods

On 1 January 2019 Hunter Group changed its presentation currency from Norwegian kroner (NOK) to US dollars (USD). The main transactions for the Group up until 2018 have been in NOK, but the main transactions from 2019 for Hunter Group ASA and Hunter Tankers AS are in USD. As a consequence of this these two companies have changed their functional currencies from NOK to USD from 1 January 2019. As such, it is also considered to be more beneficial to present the financial statements of the Group in USD.

The change in presentation currency has been accounted for as a policy change, and comparative figures have been re-presented to USD, to reflect the change in presentation currency.

The re-presented Consolidated income statement (including comprehensive income), the Consolidated statement of financial position, the Consolidated cash flow statement and the Consolidated statement of changes in equity are presented in USD in this note disclosure for the periods ending 31 December 2017 and 31 December 2018.

The different asset and liability items in USD correspond to the amounts published in NOK translated at the NOK/USD closing rate applicable at the end of each reporting period. The same relates to the equity as a whole. The profit and loss items correspond to the amounts published in NOK translated at the average rate applicable for the quarters or the years. As such, the change in presentation currency will not impact the valuation of assets, liabilities, equity or profit/loss.

#### Effect of changes in reported equity

<i>1 January 2018</i>	NOK thousand	USD thousand	Re- presentation	USD thousand
Share capital	163 948	19 981	-1 112	18 869
Share premium	251 190	30 614	1 112	31 726
Other equity	0	0	0	0
<b>TOTAL EQUITY</b>	<b>415 138</b>	<b>50 595</b>	<b>0</b>	<b>50 595</b>

<i>31 December 2018</i>	NOK thousand	USD thousand	Re- presentation	USD thousand
Share capital	481 135	55 376	0	55 376
Share premium	531 069	61 123	0	61 123
Other equity	0	0	0	0
<b>TOTAL EQUITY</b>	<b>1 012 204</b>	<b>116 499</b>	<b>0</b>	<b>116 499</b>

Equity at 1 January 2018 was translated at exchange rate NOK/USD 8.205, and at 31 December 2018 at 8.689.

## Notes to the consolidated financial statements 2019

### Note 26 - Change of presentation currency - re-presentation of comparative periods

<i>(figures in USD 1 000)</i>	Year 31.12.2018
<i>Continuing operations</i>	
<b>Revenues</b>	
Revenues	52
<b>Total Revenues</b>	<b>52</b>
<b>Operating expenses</b>	
Raw materials and consumables	0
Payroll expenses	465
Depreciation and amortisation expense	0
Net write-down intangible assets and capitalized grants	0
Other operating expenses	2 352
Capitalised development cost	0
<b>Total operating expenses</b>	<b>2 816</b>
<b>Operating profit (loss)</b>	<b>-2 765</b>
Interest income	874
Finance income	2 432
Other financial income	0
Interest expenses	0
Other financial expenses	-26
<b>Net financial income (loss)</b>	<b>3 280</b>
<b>Profit (loss) before taxes</b>	<b>515</b>
Tax on ordinary result	-374
<b>Net profit (loss)</b>	<b>142</b>
<i>Discontinued operations</i>	
Net profit (loss) from discontinued operations	-4 410
<b>Net profit (loss)</b>	<b>-4 268</b>
Earnings per share	-0,01
Earnings per share diluted	-0,01
Earnings per share continuing operations	0,00
Earnings per share diluted continuing operations	0,00
No impact on net profit/loss.	
<b>Total comprehensive income</b>	
Profit (loss) for the period	-4 268
Translation differences	-2 289
<b>Comprehensive income for the period</b>	<b>-6 557</b>
<b>Total comprehensive income attributable to:</b>	
Equity holders of the parent	-6 557
Non-controlling interest	0
<b>Total comprehensive income</b>	<b>-6 557</b>

## Notes to the consolidated financial statements 2019

### Note 26 - Change of presentation currency - re-presentation of comparative periods

<i>(figures in USD 1 000)</i>	01.01.2018	31.12.2018
<b>NON-CURRENT ASSETS</b>		
Research and development	2 173	0
Patents and customer relationships	2 305	0
Goodwill	7 149	0
<b>Total intangible assets</b>	<b>11 627</b>	<b>0</b>
Property, plant, equipment & machineries	3 398	10
VLCC under construction	0	56 682
<b>Total tangible assets</b>	<b>3 398</b>	<b>56 692</b>
<b>TOTAL NON-CURRENT ASSETS</b>	<b>15 025</b>	<b>56 692</b>
<b>CURRENT ASSETS</b>		
Inventories	2 482	0
<b>Total inventories</b>	<b>2 482</b>	<b>0</b>
Trade receivables	2 568	83
Other short-term receivables	594	147
<b>Total current receivables</b>	<b>3 162</b>	<b>231</b>
Other financial investments	0	24 758
<b>Total other financial investments</b>	<b>0</b>	<b>24 758</b>
<b>Cash and cash equivalents</b>	<b>34 059</b>	<b>35 001</b>
<b>TOTAL CURRENT ASSETS</b>	<b>39 704</b>	<b>59 990</b>
<b>TOTAL ASSETS</b>	<b>54 729</b>	<b>116 681</b>
<i>(Unaudited figures in USD 1 000)</i>	31.12.2017	31.12.2018
<b>EQUITY</b>		
Share capital	18 869	55 376
Share premium	31 726	61 123
Other equity	0	0
<b>TOTAL EQUITY</b>	<b>50 595</b>	<b>116 499</b>
<b>LIABILITIES</b>		
Capitalized grants	0	0
Other interest-bearing debt	1 426	0
<b>Total non-current liabilities</b>	<b>1 426</b>	<b>0</b>
Trade creditors	1 047	132
Accrued public charges and indirect taxes	385	9
Short-term derivatives	3	0
Debt financial institutions	439	0
Other current liabilities	834	42
<b>Total current liabilities</b>	<b>2 707</b>	<b>182</b>
<b>TOTAL LIABILITIES</b>	<b>4 133</b>	<b>182</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>54 729</b>	<b>116 681</b>

## Notes to the consolidated financial statements 2019

### Note 27 - Events after the reporting date

In February 2020, the Company secured a 3-year USD 220 million loan facility from a syndicate of banks consisting of Danske Bank, DNB, Nordea and SEB. The proceeds will be used to fund the final instalments for the Company's four remaining newbuild VLCCs, as well as general corporate purposes, and will be drawn on delivery of each vessel. The facility will carry a 275bps margin over LIBOR, and have a 16 year repayment profile.

Hunter Tankers AS successfully took delivery of Hunter Freya on 6 March, 18 days ahead of schedule, with the remaining three vessels scheduled to be delivered between May and August 2020.

The Company announced on 18 March that Hunter Atla, Hunter Laga and Hunter Freya each had entered into a six-month time charter agreement ("TC") on an average dayrate of approx. USD 80,000 per day, significantly de-risking second and third quarter cash flow. The TCs will commence immediately following completion of spot voyages.

The Covid-19 outbreak in 2020 has caused significant macroeconomic uncertainty, and has led to a dramatic decline in global oil consumption. The tanker market has however remained strong, following a substantial increase in OPEC crude oil production. As the situation is still rapidly developing and new responsive measures are launched every day, it is currently difficult to assess what the longer term impact of the virus outbreak will be for the Group.

## Statement of profit and loss - Hunter Group ASA

<i>(Figures in USD 1 000)</i>	Note	2019	2018
<b>Revenues</b>			
Revenues	11	356	186
<b>Total Revenues</b>		<b>356</b>	<b>186</b>
<b>Operating expenses</b>			
Depreciation and amortisation expense	3, 4	46	0
General and administrative expenses	12, 15	1 260	2 826
<b>Total operating expenses</b>		<b>1 306</b>	<b>2 826</b>
<b>Operating profit (loss)</b>		<b>-950</b>	<b>-2 640</b>
<b>Net financial income (loss)</b>	13	<b>4 057</b>	<b>-1 204</b>
<b>Profit (loss) before taxes</b>		<b>3 107</b>	<b>-3 844</b>
Tax on ordinary result	14	0	-374
<b>Net profit (loss)</b>		<b>3 107</b>	<b>-4 218</b>

<i>(Figures in USD 1 000)</i>	2019	2018
<b>Total comprehensive income</b>		
Profit (loss) for the period	3 107	-4 218
Translation differences	0	-2 289
<b>Comprehensive income for the period</b>	<b>3 107</b>	<b>-6 507</b>
<b>Total comprehensive income attributable to:</b>		
Equity holders of the parent	3 107	-6 507
Non-controlling interest	0	0
<b>Total comprehensive income</b>	<b>3 107</b>	<b>-6 507</b>

## Statement of financial positions - Hunter Group ASA

<i>(Figures in USD 1 000)</i>	Note	31.12.2019	31.12.2018
<b>NON-CURRENT ASSETS</b>			
Property, plant & equipment	3, 4	108	10
<b>Total tangible assets</b>		<b>108</b>	<b>10</b>
Investment in subsidiaries	2, 18	38 869	38 869
Long-term receivable subsidiaries	19	157 454	18 469
<b>Total financial long-term assets</b>		<b>196 323</b>	<b>57 337</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>196 431</b>	<b>57 347</b>
<b>CURRENT ASSETS</b>			
Short-term receivable subsidiaries		0	29
Other short-term receivables	5	85	232
<b>Total current receivables</b>		<b>85</b>	<b>261</b>
Other financial investments		0	24 758
<b>Total other financial investments</b>		<b>0</b>	<b>24 758</b>
<b>Cash and cash equivalents</b>	6	<b>2 554</b>	<b>34 796</b>
<b>TOTAL CURRENT ASSETS</b>		<b>2 640</b>	<b>59 814</b>
<b>TOTAL ASSETS</b>		<b>199 071</b>	<b>117 161</b>

<i>(Figures in USD 1 000)</i>	Note	31.12.2019	31.12.2018
<b>EQUITY</b>			
Share capital	16	82 625	55 376
Share premium		118 519	61 622
Other equity		-2 289	0
<b>TOTAL EQUITY</b>		<b>198 856</b>	<b>116 998</b>
<b>LIABILITIES</b>			
Long-term liabilities (IFRS 16)	4	50	0
<b>Total non-current liabilities</b>		<b>50</b>	<b>0</b>
Trade creditors		32	134
Accrued public charges and indirect taxes		32	9
Short-term liabilities (IFRS 16)	4, 7	51	0
Other current liabilities	8	50	21
<b>Total current liabilities</b>		<b>165</b>	<b>164</b>
<b>TOTAL LIABILITIES</b>		<b>215</b>	<b>164</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>199 071</b>	<b>117 161</b>

Oslo, 26 March 2020



 Henrik A. Christensen  
Chairman of the board



 Kristin Hellebust  
Board member



 Arne Fredly  
Board member



 Erik A. S. Frydendal  
CEO



## Statement of cash flows - Hunter Group ASA

<i>(Figures in USD 1 000)</i>	Note	2019	2018
Profit (loss) attributable to equity holders of the parent		3 107	-3 844
Depreciation		46	0
Write-down of shares in Dwellop and Indicator AS		0	4 955
Financial income		-3 023	-1 446
Unrealized currency exchange differences financial investments		0	-2 330
Financial expenses		46	0
Change in accounts receivables and accounts payables		-73	2 219
Change in other receivables and payables and other		155	-1 642
<b>Net cash flow from operating activities</b>		<b>258</b>	<b>-2 088</b>
Investments in other financial investments		0	-81 502
Sale of other financial investments		24 758	55 349
Change in long-term interest bearing receivable subsidiaries		-138 986	-19 731
Investments in shares in subsidiaries		0	-41 524
Net investments in PPE & intangible assets		0	-10
<b>Net cash flow from investment activities</b>		<b>-114 228</b>	<b>-87 418</b>
Interest received	13	3 023	1 446
Interest paid	13	-46	0
Capital contribution	Equity	79 398	92 738
Transaction cost capital contribution	Equity	-647	-1 625
<b>Net cash flow from financing activities</b>		<b>81 729</b>	<b>92 560</b>
<b>Total net changes in cash flow</b>		<b>-32 241</b>	<b>3 053</b>
Currency effect on cash		0	-2 125
Cash and cash equivalents beginning of period		34 796	33 868
<b>Cash and cash equivalents end of period</b>	<b>6</b>	<b>2 554</b>	<b>34 796</b>

## Statement of changes in equity - Hunter Group ASA

<i>(Figures in USD 1 000)</i>	Note	Share Capital	Share premium	Currency transl. adj.	Retained earnings	Total equity
<b>Equity as of 01.01.2018</b>		18 869	32 174	0	0	51 043
Net profit (loss)			-4 218	0	0	-4 218
Foreign currency translation adjustment			0	-2 289	0	-2 289
<b>Total comprehensive income 2018</b>			<b>-4 218</b>	<b>-2 289</b>	<b>0</b>	<b>-6 507</b>
Private placement 9 May 2018		10 790	9 064	0	0	19 854
Issuance of shares 14 June 2018		23 379	36 471	0	0	59 849
Issuance of shares 19 July 2018		2 338	3 647	0	0	5 985
Warrants related to VLCC shipbuilding contracts	2		1 151	0	0	1 151
Distribution in kind, shares in Dwellop AS	2		-13 236	0	0	-13 236
Transactions costs (after tax)			-1 142	0	0	-1 142
<b>Equity as of 31.12.2018</b>		<b>55 376</b>	<b>63 910</b>	<b>-2 289</b>	<b>0</b>	<b>116 997</b>
Net profit (loss)			3 107	0	0	3 107
<b>Total comprehensive income 2019</b>			<b>3 107</b>	<b>0</b>	<b>0</b>	<b>3 107</b>
Private placement 22 May 2019		27 249	51 919	0	0	79 168
Option plan payment			230	0	0	230
Transactions costs			-647	0	0	-647
<b>Equity as of 31.12.2019</b>		<b>82 625</b>	<b>118 519</b>	<b>-2 289</b>	<b>0</b>	<b>198 855</b>

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 1 - Accounting principles

Hunter Group ASA (HUNT) is the parent company of the Hunter Group, consisting of Hunter Group ASA and its subsidiaries Indicator AS and Hunter Tankers AS. Hunter Group ASA's main activities are shareholding in group companies and corporate functions.

The financial statements of Hunter Group ASA are prepared in accordance with simplified IFRS pursuant to the Norwegian Accounting Act § 3-9 and regulations regarding simplified application of IFRS issued by the Norwegian Ministry of Finance on 3 November 2014.

These parent company financial statements should be read in connection with the Consolidated financial statements of Hunter Group, published together with these financial statements. With the exceptions described below, Hunter Group ASA applies the accounting policies of the group, as described in Hunter Group's disclosure note 2 Significant Accounting Policies, and reference is made to the Hunter Group note for further details.

#### Subsidiaries

Shareholdings in subsidiaries are accounted for using the cost method. It is annually evaluated if there exist indicators for impairment.

#### Dividends and group contributions

Dividends will be reflected as Dividends payable within current liabilities. Group contributions to other entities within Hunter Group are reflected in the balance sheet as current liabilities within Liabilities to group companies. Under simplified IFRS the presentation of dividends payable and payable group contributions would differ from the presentation under full IFRS, as it would also include dividend and group contributions payable which at the date of the balance sheet would be subject to a future general assembly approval before distribution.

### Note 2 - Significant acquisition and dispositions

On 9 May 2018 it was decided in the general assembly to distribute 100 % of the shares in Dwellop AS to the Company's shareholders. Dwellop AS was acquired 2 May 2017 and consolidated into Hunter Group ASA's group accounts from this date. A valuation of Dwellop was performed by Hunter Group ASA in connection with the change of the share ownership in the company, valuing Dwellop to NOK 115 million (including equity injections in 2019 of NOK 28.8 million). The formal distribution of the shares was 30 May 2018. As a consequence of the exit, a write-down of NOK 40.3 was executed against the Dwellop-shares.

On 9 May 2018 at the AGM the shareholders of Hunter Group ASA approved to take over the four VLCC construction contracts and three options from Apollo Asset Ltd on a "back-to-back" basis as contracted with Daewoo Shipbuilding Marine Engineering Co., LTD whereby the Company will assume the obligations versus the Shipyard. The contracts were transferred to the subsidiary Hunter Tankers AS.

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 3 - Property, plant and equipment

The Company has recognized the following assets in the statement of financial position (including internal built up assets such as development costs).

<i>(Figures in USD 1 000)</i>	Property, plant & equip.	Property, plant & equip.
	2019	2018
Cost price at 1 January	10	0
Additions	0	10
Cost price at 31 December	10	10
Accumulated depreciations at 31 December	-3	0
<b>Booked value at 31 December</b>	<b>6</b>	<b>10</b>
Depreciation	3	0
Impairment charges	0	0
Estimated useful life	3-5 years	3-10 years
Depreciation method	straight-line	straight-line

The following arrangements are classified as operating leases:

<b>Operating leasing costs</b> <i>(figures in USD 1000)</i>	2019	2018
Rent costs on buildings (IFRS 16 from 1.1.19)	0	74
Operational leasing costs	2	5
<b>Total operating leasing costs</b>	<b>2</b>	<b>79</b>

<b>The future minimum rents related to non-cancellable leases fall due as follows:</b>	Within 1 year	2-5 years	After 5 years
Operational leasing costs	2	0	0

### Note 4 - IFRS 16 implementation

The IFRS 16 standard regarding Leases was implemented on 1 January 2019. The new accounting standard replaces IAS 17 Leases. IFRS 16 requires that all leases, except for short-term and low-value leases are reflected in the balance sheet as a lease liability and a Right of Use (RoU) asset. Hunter Group has used the modified retrospective method as from 1 January 2019. The Consolidated balance sheet increased by adding lease liabilities and right of use assets with TUSD 92. Hunter Group's equity has not been impacted from the implementation of IFRS 16. The weighted average discount rate used to calculate the IFRS 16 opening balance lease liability was 5 %. The following line items in the balance sheet have been impacted:

<i>(figures in USD 1 000)</i>	IFRS 16		
	31.12.2018	adjustments	01.01.2019
Other tangible assets	10	92	101
Non-current interest-bearing debt	0	92	92

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 4 - IFRS 16 implementation cont.

<i>(Figures in USD 1 000)</i>	<b>2019</b>										
Right of use assets 01.01	92										
Addition 2019	53										
Depreciation 2019	-43										
<b>Right of use assets 31.12</b>	<b>102</b>										
Other interest-bearing debt 01.01	92										
Addition 2019	53										
Installments 2019	-43										
<b>Other interest-bearing debt 31.12</b>	<b>102</b>										
Interest 2019	6										
	<table border="1"> <thead> <tr> <th style="text-align: left;"><b>Remaining rental-payments as per 31.12.19</b></th> <th style="text-align: center;"><b>Less than 1 year</b></th> <th style="text-align: center;"><b>Between 2 - 5 years</b></th> <th style="text-align: center;"><b>More than 5 years</b></th> <th style="text-align: center;"><b>Total</b></th> </tr> </thead> <tbody> <tr> <td>Office rent</td> <td style="text-align: center;">58</td> <td style="text-align: center;">48</td> <td style="text-align: center;">0</td> <td style="text-align: center;">106</td> </tr> </tbody> </table>	<b>Remaining rental-payments as per 31.12.19</b>	<b>Less than 1 year</b>	<b>Between 2 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>	Office rent	58	48	0	106
<b>Remaining rental-payments as per 31.12.19</b>	<b>Less than 1 year</b>	<b>Between 2 - 5 years</b>	<b>More than 5 years</b>	<b>Total</b>							
Office rent	58	48	0	106							

### Note 5 - Other receivables

<i>(Figures in USD 1 000)</i>	<b>2019</b>	<b>2018</b>
Earned, not yet invoiced income	72	83
Prepaid expenses	13	147
Other short term receivables	0	1
<b>Total other receivables</b>	<b>85</b>	<b>232</b>

### Note 6 - Cash and cash equivalents

<i>(Figures in USD 1 000)</i>	<b>2019</b>	<b>2018</b>
Cash at bank	2 554	34 796
<b>Total cash at bank</b>	<b>2 554</b>	<b>34 796</b>
Restricted bank deposits for employee withholding taxes	32	23

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 7 - Short-term liabilities

<i>(Figures in USD 1 000)</i>	2019	2018
Short-term liabilities (IFRS 16)	51	0
<b>Short-term liabilities (IFRS 16)</b>	<b>51</b>	<b>0</b>

### Note 8 - Other current liabilities

<i>(Figures in USD 1 000)</i>	2019	2018
Unpaid vacation pay	40	21
Other accrued costs	9	0
<b>Total other short-term liabilities</b>	<b>50</b>	<b>21</b>

### Note 9 - Financial instruments risk management objectives and policies

HUNT is subject to market risks (foreign currency exchange risk and interest rate risk), credit risk and liquidity risk.

The Company's management oversees the management of these risks and assures that HUNT's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below.

#### Foreign currency risk

The Company's cash reserves of USD 2 554 thousand are deposited in the Norwegian bank DNB. The main transactions for the Company until end of 2018 were in NOK, but the main transactions from 2019 has been in USD. As a consequence of this the Company changed its functional currency from NOK to USD from January 1, 2019. As commercial operations in larger scale commences, a foreign currency exchange risk policy has been introduced.

#### Interest rate risk

The Company's financial income and financial costs in the statement of profit or loss are influenced by changes in interest rates as the interest on debit facility with DNB is on a floating basis. The Company had USD -46 thousand in interest expense and USD 3 023 thousand in interest income in 2019, whereof USD 388 thousand related to cash and cash equivalents and USD 2 635 thousand related to long-term interest bearing receivable from subsidiaries.

#### Credit risk

HUNT only trades with recognized, creditworthy third parties. It is The Company's policy that all customers that wish to trade on credit terms are subject to credit verification procedures. All cash in the Company is deposited in the Norwegian bank DNB. Credit risk is managed through a framework that sets out policies and procedures covering the measurement and management of credit risk.

#### Liquidity risk

HUNT monitors its liquidity on a regular basis, and produces rolling liquidity forecasts on a monthly basis in order to identify liquidity requirements in future periods. The target for HUNT's management of liquidity risk is to maintain a liquidity corresponding to its net liquidity requirements for 12 months. The cash position of HUNT at year end 2019 was USD 2 554 thousand, compared to USD 34 796 thousand in 2018.

Following the successful launch of the private placements in 2018 and 2019, the Company's financial and liquidity position was further significantly improved. The net proceeds from the Private placements has been used to fund the development of the 7 VLCC ships via its subsidiary Hunter Tankers AS.

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 9 - Financial instruments risk management objectives and policies cont.

The management will continue to focus on efficient operations, good planning and close monitoring of the liquidity situation and maintaining a clear business development strategy.

The table below shows a maturity analysis for HUNT's total short term liabilities:

	within 3 months	within 3-6 months	within 9-12 months
<b>2019 (figures in USD 1 000)</b>			
Accounts payable	32	0	0
Public duties payables	32	0	0
Other short-term liabilities	50	0	0
<b>2018 (figures in USD 1 000)</b>			
Accounts payable	134	0	0
Public duties payables	9	0	0
Other short-term liabilities	21	0	0

### Capital management

HUNT's main objective for the management of its capital structure is to maximize value creation for shareholders, while at the same time maintaining a sound financial position and a good credit rating.

HUNT manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue new shares. No changes were made in the objectives policies or processes during the financial year.

Furthermore Hunter Group ASA has guaranteed for the continued operation of the wholly-owned subsidiary Indicator AS, which is an empty company with negligible debt to Hunter Group ASA. There is no external debt in Indicator AS as of 31 December 2019. Furthermore, Hunter Group ASA has guaranteed the sale & leaseback liabilities in Hunter Tankers AS.

<i>(Figures in USD 1 000)</i>	2019	2018
Trade and other payables	114	164
Bank deposits	-2 554	-34 796
<b>Net debt</b>	<b>-2 389</b>	<b>-34 632</b>
<b>Equity</b>	<b>198 856</b>	<b>116 998</b>
<b>Capital and net debt</b>	<b>196 466</b>	<b>82 365</b>
Gearing ratio	-1,2 %	-42,0 %
Equity ratio	99,9 %	99,9 %

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 9 - Financial instruments risk management objectives and policies cont.

Set out below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets (figures in USD 1 000)</b>				
Cash and cash equivalents	2 554	2 554	34 796	34 796
Other financial investments	0	0	24 758	24 758
Current receivables	85	85	232	232

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial liabilities (figures in USD 1 000)</b>				
Long-term debt financial institutions	0	0	0	0
Short-term debt financial institutions	51	51	0	0
Trade and other payables	114	114	164	164

### Note 10 - Transactions with related parties

Please see note 21 below, and note 17 in the consolidated financial statements for further information. Interest income related to the interest-bearing loan to the subsidiary Hunter Tankers AS was USD 2,635 thousand in 2019. Furthermore Hunter Group ASA invoiced Hunter Tankers USD 356 thousand in 2019 for the follow-up of the VLCC shipbuilding contracts in 2019 (USD 186 thousand in 2018).

### Note 11 - Revenue

Type of goods or service (figures in USD 1 000)	2019	2018
Follow-up VLCC contracts	356	186
Other income	0	0
<b>Total revenues</b>	<b>356</b>	<b>186</b>

Geographical market (figures in USD 1 000)	2019	2018
Sales in Norway	0	133
Sales abroad	356	53
<b>Total revenues</b>	<b>356</b>	<b>186</b>

Timing of revenue recognition	2019	2018
Goods transferred at a point in time	0	0
Services transferred over time	356	186
<b>Total revenues</b>	<b>356</b>	<b>186</b>



## Notes to the financial statements 2019 - Hunter Group ASA

### Note 12 - Other operating expenses

<i>(Figures in USD 1 000)</i>	2019	2018
Office rent	0	76
IT and office-related expenses	9	145
Audit, audit-related services and accounting fees	154	524
Various legal fees	186	1 510
Insurance, car, travel and other expenses	191	107
<b>Total</b>	<b>541</b>	<b>2 361</b>

Included in various fees in 2018 are one-off costs related to the negotiations with IKM for possible acquisition USD 0.9 million, whereof the remaining costs mainly relates to the Dwellop-exit and the acquisition of the VLCC construction contracts.

### Note 13 - Finance income and finance expenses

This section provides additional information about individual line items of finance income and finance expense in the statement of profit and loss by type.

<i>Finance income (figures in USD 1 000)</i>	2019	2018
Interest income related to cash and cash equivalents	3 023	1 446
Currency gain	1 099	2 330
<b>Total finance income</b>	<b>4 122</b>	<b>3 776</b>

<i>Finance expenses (figures in USD 1 000)</i>	2019	2018
Interest expense related to debt to financial institutions	-46	0
Other financial expenses	-8	-25
Realized loss distribution of shares in Dwellop AS (2018)	0	-4 955
Currency losses	-11	0
<b>Total finance expenses</b>	<b>-65</b>	<b>-4 980</b>
<b>Total finance income (loss)</b>	<b>4 057</b>	<b>-1 204</b>

### Note 14 - Income tax

<i>Income tax expense (figures in USD 1 000)</i>	2019	2018
Payable tax	0	0
Change in utilized tax asset	0	-374
<b>Total tax expense</b>	<b>0</b>	<b>-374</b>

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 14 - Income tax cont.

Calculation of basis for tax	2019	2018
Earnings before tax	3 107	-3 844
Permanent differences	12	-1 578
Currency adjustments due to NOK as tax basis	-823	0
Realized loss distribution of shares in Dwellop AS (2018)	0	4 955
Changes in temporary differences	-6	-18
Use of tax loss brought forward	-2 290	0
<b>Total basis for tax</b>	<b>0</b>	<b>-485</b>

Summary of temporary differences:	2019	2018
Fixed assets	-29	-35
Accruals	0	0
Loss carried forward	-36 900	-38 718
<b>Total</b>	<b>-36 929</b>	<b>-38 753</b>

Calculated deferred tax asset (22 %)	-8 124	-8 526
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#### Statement of financial position

Deferred tax asset (figures in USD 1 000)	2019	2018
Loss carried forward	-8 118	-8 518
Accruals	0	0
Fixed assets	-6	-8
<b>Total deferred tax asset</b>	<b>-8 124</b>	<b>-8 526</b>

Not recognized deferred tax asset	8 124	8 526
<b>Total deferred tax asset recognised in the statement of financial position</b>	<b>0</b>	<b>0</b>

The company has not recognized a deferred tax asset in the statement of financial position for 2019 and 2018 as the Company is in a development phase and is currently generating losses.

Loss carried forward as of 31 December	2019	2018
Unlimited carrying forward	36 900	38 718

## Notes to the financial statements 2019 - Hunter Group ASA

### Note 14 - Income tax cont.

Effective tax rate	2019	2018
Profit / (loss) before tax	3 107	-3 844
22% / 23% tax of earnings before tax	684	-884
Permanent differences and other	-102	777
Changes in deferred tax asset not recognised in the statement of financial position	-401	-654
Currency effect due to NOK as tax basis	-181	0
Effect due to 1% reduction in tax rate *	0	388
Calculated tax cost	0	-374
Effective tax rate	0 %	-9 %

\*With effect from the 2019 financial year, the corporate taxable profits (ordinary income) are taxed at a flat rate of 22 %. Deferred tax assets and liabilities at 31 December 2018 and 2019 have been calculated using 22 % tax rate.

### Note 15 - Payroll and related expenses

Payroll and related expenses (figures in USD 1 000)	2019	2018
Salaries and vacation pay	406	383
Social security tax	60	57
Pension expense ("OTP")	19	20
Employee share option program expense (incl. national insurance contributions)	230	0
Other benefits	4	4
<b>Total payroll an related expenses</b>	<b>719</b>	<b>465</b>
	<b>2019</b>	<b>2018</b>
Number of employees (average work years)	3	3

### Pension scheme

The Company has a defined contribution pension scheme that complies with the Norwegian occupational pension legislation (called "OTP"). The pension contributions range from 4 % 0 - 7.1 G to 7 % 7.1 -12 G of the employee's salary - maximized to a percentage of 12 G (NOK 1,198,296). The National Insurance scheme basic amount for 2019 is NOK 99,858. The retirement age for all employees, including the management, is 67 years.

(Figures in USD 1 000)	2019	2018
Contributions expensed during the year	19	20

Please refer to note 22 in the consolidated financial statements for further information about remuneration and option program for the management and board of directors.

## Notes to the financial statements 2019 - Hunter Group ASA

### Auditor's fee

The following table shows remuneration related to professional services rendered by the Company's principal auditor, EY, for fiscal year 2019 and 2018. The amounts shown are exclusive of value added tax.

<i>(Figures in USD 1 000)</i>	2019	2018
Audit fee	40	33
Assurance services	6	164
Other assistance	21	196
<b>Total</b>	<b>68</b>	<b>393</b>

### Note 16 - Share capital and shareholder information

Please see note 23 in the consolidated financial statements.

### Note 17 - Provisions, commitments and contingent liabilities/assets

There do not exist any material provisions or contingent liabilities/assets for Hunter Group ASA. Please see note 11 in the consolidated financial statements regarding the commitments for the VLCC vessels.

### Note 18 - Investment in subsidiaries

<i>(Figures in USD 1000)</i>							
Company	Location	Share	Voting rights	Cost	Book value 31.12.2019	Equity at 31.12.2019	Net income 2019
Indicator AS	Stavanger	100 %	100 %	89	0	-30	18
Hunter Tankers AS	Oslo	100 %	100 %	38 869	38 869	51 248	12 829

### Note 19 - Intercompany receivables/payables

<i>Receivables (figures in USD 1 000)</i>	2019	2018
Long-term receivable subsidiaries	157 454	19 731
Short-term receivable subsidiaries	0	31
<i>Payables (figures in USD 1 000)</i>	2019	2018
Other current liabilities subsidiaries	0	0

## Notes to the financial statements 2019 - Hunter Group ASA

### **Note 20 - Events after the reporting date**

In February 2020, the Company secured a 3-year USD 220 million loan facility from a syndicate of banks consisting of Danske Bank, DNB, Nordea and SEB. The proceeds will be used to fund the final instalments for the Company's four remaining newbuild VLCCs, as well as general corporate purposes, and will be drawn on delivery of each vessel. The facility will carry a 275bps margin over LIBOR, and have a 16 year repayment profile.

The Covid-19 outbreak in 2020 has caused significant macroeconomic uncertainty, and has led to a dramatic decline in global oil consumption. The tanker market has however remained strong, following a substantial increase in OPEC crude oil production. As the situation is still rapidly developing and new responsive measures are launched every day, it is currently difficult to assess what the longer term impact of the virus outbreak will be for the Company.

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## INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Hunter Group ASA

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of Hunter Group ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2019, the statement of profit and loss, statement of other comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2019, the statement of profit and loss, statement of other comprehensive income, statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway
- ▶ the consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

#### 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 and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations 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 for 2019. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

### **Accounting estimates related to vessels and vessels under construction**

The Group has taken delivery of three VLCC vessels during 2019 and has further four VLCC vessels under construction. The accounting estimates for these assets requires management's judgment and have a material impact for the Group due to the assets' cumulative value and long-lived nature. The key estimates include determination of useful lives and residual values, evaluation of indicators of impairment, and if present, testing carrying values for impairment based on estimated recoverable amounts. As these estimates have material impact for the Group, this was considered a key audit matter. Management did not identify indicators of impairment for any of the vessels or vessels under construction.

We compared the estimates of useful lives and residual values to industry practice, available data for green recycling, experience from prior years and plans for docking and maintenance. We further recalculated depreciations for the year.

We assessed potential indicators of impairment for each vessel and evaluated management's assessment of indicators.

We refer to the Group's disclosures included in note 1 Significant accounting principles and note 5 Property, plant and equipment in the consolidated financial statements about accounting estimates related to vessels and vessels under construction.

### **Other information**

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. 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 on the other information obtained prior to the date of the auditor's report, 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 management for the financial statements**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- ▶ identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Report on other legal and regulatory requirements**

### **Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility**

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 proposal for the allocation of the result 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 26 March 2020  
ERNST & YOUNG AS

*The auditor's report is signed electronically*

Johan Nordby  
State Authorised Public Accountant (Norway)

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The signatures in this document are legally binding. The document is signed using Penneo™ secure digital signature. The identity of the signers has been recorded, and are listed below.

*"By my signature I confirm all dates and content in this document."*

## Johan Nordby

State Authorised Public Accountant (Norway)

On behalf of: Ernst & Young AS

Serial number: 9578-5997-4-729076

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