

The Board of Directors' report pursuant to Chapter 16 a Section 7 of the Swedish Companies Act and proposal for resolution on approval of the time charter agreement with Stena Bulk AB and the guarantee contract with Stena Sessan AB

Concordia Maritime AB (publ) ("Concordia Maritime" or the "Company") has reached a conditional agreement with Stena Bulk AB or a nominated group company ("Stena Bulk") on time charter of all of the Company's ten P-MAX product tankers on 12 July 2021 (the "Time Charter"). In addition, on the same day, the Company has agreed upon a conditional guarantee contract whereby Stena Sessan AB ("Stena Sessan") guarantees to pay up to MUSD 10 (the "Guarantee"). The agreements are conditional upon approval of the General Meeting of Concordia Maritime since the entering of the agreements are considered significant related-party transactions pursuant to Chapter 16 a of the Swedish Companies Act.

Background and reasons

Historically, Concordia Maritime has managed to get through rough periods. For example, the Company managed to get through the long-time weak market following the financial crisis of 2008, that lasted until 2014, by the use of successful time charter agreements. In addition, the Company handled the weak tanker market between 2017 and 2019 by acting proactively by the disposal of three tankers through sale and leaseback-transactions. However, in total, the tanker market has not been strong enough during the past six years and the Company has not been able to enter profitable long time charter agreements for all of its ten P-MAX product tankers which has led to parts of the fleet being chartered on short-term charters. The record-weak tanker market during the second half of 2020 and the first half of 2021 and the market conditions entail financial challenges for Concordia Maritime, as stated in the interim report for the first quarter of 2021. The Company's liquidity has been substantially reduced over the year as a consequence of planned investments such as the installation of statutory ballast water treatment systems and the retraction of credit-facilities, all at the same time as the Company's income has been reduced due to current market conditions. All of the above has placed the Company in a situation where there is a risk that it may not have enough liquidity to meet its financial commitments in 2021 and is at risk of breaching covenants in its loan agreements. Therefore, the Company has negotiated, and received, new waivers from the banks which are valid until new terms and conditions of the financing are in place or until 30 September 2021 as well as been given deferment on parts of the amortisations to the Company's lending banks.

The Board of Directors and the management of Concordia Maritime have considered and investigated different solutions to manage the Company's financial position and imminent lack of liquidity. Following negotiations, Concordia Maritime and some of the Company's lending banks (the "Banks") have agreed upon a term sheet concerning new terms and conditions of the current financing, originally amounting to MUSD 114, for eight of the Company's P-MAX product tankers until the loan matures in the fourth quarter of 2024 (the "Term Sheet"). The Term Sheet entails a lower rate of amortisation, new levels for the covenants and a prevention for the Company to pay dividends before the end of the existing loan structure in December 2024 without consent from the Banks. The new terms and conditions will result in that the received waivers for the covenants and the deferment on parts of the amortisations will no longer be required. The Term Sheet requires that certain other measures are taken, mainly that Concordia Maritime enters the Time Charter and that the profits for the eight tankers covered by the Term Sheet may only be used for certain pre-determined purposes. The measures also include that Concordia Maritime enters into the Guarantee of MUSD 10 in order for Concordia

Maritime to be able to amortise its' loans to the Banks according to the new plan. In conclusion, the arrangement means that the calculated residual debt will be higher than stated in the loan agreement before the Term Sheet but will correspond to the tankers' expected scrap value. Furthermore, the Term Sheet requires, among other things, the approval of the Banks credit committees and that the Time Charter and the Guarantee is approved by the General Meetings of Concordia Maritime. Furthermore, the Term Sheet requires that corresponding terms and conditions are agreed upon with the lender to the Company's other two P-MAX product tankers.

Related party relationship

The Time Charter and the Guarantee are considered significant related-party transactions pursuant to Chapter 16 a of the Swedish Companies Act. Stena Bulk is wholly-owned by Stena AB (publ) ("**Stena**"), which in turn is wholly-owned by the Sten A. Olsson family. The major shareholder of Concordia Maritime is Stena Sessan, which holds 4,000,000 A shares and 20,896,347 B shares in the Company, corresponding to 52.16 per cent of the total amount of shares and 72.73 per cent of the votes in Concordia Maritime. Stena Sessan is wholly owned by the Sten A. Olsson family.

Hence, the Sten A. Olsson family has controlling influence of Stena, Stena Bulk and Concordia Maritime, and the companies are thus considered related parties under the Swedish Annual Accounts Act.

(A) Description of the Time Charter

Overall description of the agreement

Concordia Maritime has agreed upon a Time Charter on a five-year time charter of all of the Company's ten P-MAX product tankers to Stena Bulk that, conditional upon the approval of the General Meeting, will commence at operationally suitable positions for each respective tanker during the third quarter of 2021. The Time Charter is based on the standardised Shelltime 4. The Time Charter implies that Stena Bulk pays a guaranteed monthly base rent in advance of USD 15,500 per day and tanker (USD 155,000 per day in total) to Concordia Maritime. Stena Bulk has also committed to pay an advance of the base rent of MUS\$ 10 if necessary in order for Concordia Maritime to be able to amortise to the Banks according to the new plan. The base income Concordia Maritime will receive under the Time Charter covers operational costs (such as cost of crew, technical maintenance and insurance), provisions for periodical drydocking and interest as well as amortisation, according to the new plan, to the Banks. According to the Term Sheet the guaranteed income under the Time Charter from the eight tankers covered by the Term Sheet may only be used for these purposes. In accordance with the Time Charter with Stena Bulk there is, in addition to the guaranteed income, a profit sharing-mechanism implying that Concordia Maritime and Stena Bulk will share equally any possible surplus of income exceeding the base rent that the tankers generate on average during pre-determined periods of six months of the time charter period. All income, including possible income exceeding the base income from Stena Bulk, from the eight P-MAX product tankers covered by the loan agreements is to be used for the same purposes as the guaranteed income. Further, during the time charter, Concordia Maritime has the right to divest the entire fleet or parts thereof, without any fees, which ensures the Company's ability to take advantage of a stronger market. In addition to being conditional upon approval of the General Meeting of Concordia Maritime, the agreement with Stena Bulk is conditional upon approval of Stena.

Further on the fairness of the agreement

In connection with the negotiations with the Banks and the Stena sphere, the Board of Directors have considered the terms of the Time Charter with consideration to the current market and

have also considered other alternative measures to achieve corresponding positive financial effects for the Company. Given the current market, as well as the liquidity and financial position of the Company, the Board of Directors deems the Time Charter, the Term Sheet and the Guarantee to be vital in order to strengthen Concordia Maritime's financial position and liquidity, as the Time Charter entails a guaranteed base income that covers operational costs, provisions for periodical drydockings as well as interest and amortisation according to plan during five years forward. By maintaining the right of disposal of the time chartered tankers and through the profit sharing-mechanism with Stena Bulk, Concordia Maritime's possibility to benefit from a potentially stronger market is ensured. Given that the Time Charter also enables the Term Sheet with the Banks that, in the assessment of the Board of Directors, would not be possible to reach without the Time Charter, the Board of Directors considers it to be in the Company's interest to enter into the Time Charter with Stena Bulk. Finally, the Board of Directors of Concordia Maritime have also examined and considered different solutions to manage the Company's financial position and liquidity, but currently the Board of directors deems that the Time Charter, in combination with the Term Sheet and the Guarantee, is the best solution to improve the Company's financial position.

(B) Description of the Guarantee

Overall description of the agreement

In the Term Sheet, the Banks have required that a guarantee of MUS\$ 10 is issued in order to ensure that Concordia Maritime will amortise to the Banks according to the new plan. The Company, the Banks and Stena Sessan have therefore agreed upon the Guarantee, whereby Stena Sessan guarantees to pay up to MUS\$ 10 to the Banks, to cover amortisation on behalf of Concordia Maritime. The Guarantee can only be drawn by the Banks if necessary in order for Concordia Maritime to amortise according to the new plan. The guarantee cannot be utilised to a higher amount than MUS\$ 10 or the difference between what Concordia Maritime can amortise and what the Company is required to amortise according to the new plan.

Any utilised amount under the Guarantee will be seen as a loan from Stena Sessan to Concordia Maritime and the Company will be required to repay any such amount. The utilised amount will carry an interest of LIBOR (or equivalent reference rate) plus 3 per cent per annum for Concordia Maritime and shall be repaid to Stena Sessan within two years.

Further on the fairness of the agreement

Concordia Maritime has considered different options in order to fulfil the requirement of the guarantee according to the Term Sheet, and only found one practically possible solution, namely the Guarantee. Given the Company's financial position, the Board of Directors deems the interest rate on the utilised amount under the Guarantee to be market rate. Since Concordia Maritime will not need to pay any interest until a possible utilisation and only for the amount utilised, the Board of Directors deems the terms and conditions to be advantageous for the Company. Given that the Guarantee also enables the Term Sheet, the Board of Directors deems the entering of the Guarantee to be in the interest of the Company.

Proposal for resolution

The Board of Directors proposes that the Extraordinary General Meeting resolves to approve (A) the time charter agreement with Stena Bulk and (B) the guarantee contract with Stena Sessan, and that the General Meeting's approval of A and B is made as one single resolution.

Majority requirement for resolution

The resolution requires that shareholders representing more than half of the votes cast at the Extraordinary General Meeting approve the resolution, not considering shares and votes held directly or indirectly by the Sten A. Olsson family.

Gothenburg in July 2021
Concordia Maritime AB (publ)
The Board of Directors