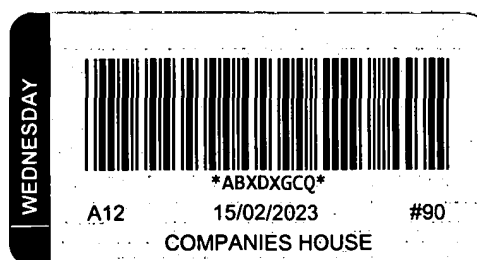


Company Registration No. 5161386 (England and Wales)

FB SHIPPING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021



FB SHIPPING LIMITED

COMPANY INFORMATION

Directors	S G Thom	(Appointed 3 May 2021)
	G P Sheach	
	C Harvie	(Resigned 30 April 2021)

Secretary	Endeavour Secretary Limited
	Tobias house
	St Marks' Court
	Teesside Business Park
	Teesside
	TS17 6QW

Company number	5161386
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Registered office	Tobias house
	St Marks' Court
	Teesside Business Park
	Teesside
	TS17 6QW

Independent Auditors	PricewaterhouseCoopers LLP
	The Capitol, 431 Union Street
	Aberdeen
	Aberdeenshire
	AB11 6DA

Bankers	ABN Amro Bank
	Coolsingel 119
	Postbus 949
	Rotterdam
	The Netherlands
	3000 DD ROTTERDAM

Solicitors	Endeavour Partnership LLP
	Tobias House
	St. Mark's Court
	Teesdale Business Park
	Teesside
	TS17 6QW

FB SHIPPING LIMITED

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FB SHIPPING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and audited financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of lessor and financier of assets for the shipping sector.

Results and dividends

The results for the year are set out on page 7.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

S G Thom	(Appointed 3 May 2021)
G P Sheach	
C Harvie	(Resigned 30 April 2021)

Independent auditors

In accordance with the company's articles, a resolution proposing that PricewaterhouseCoopers LLP be reappointed as auditor of the company will be put at a General Meeting.

FB SHIPPING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The report has been prepared in accordance with the special provisions relating to the small companies within Part 15 of the Companies Act 2006.

On behalf of the board



S G Thom
Director
Aberdeen
13 February 2023

Independent auditors' report to the members of FB Shipping Limited

Report on the audit of the financial statements

Opinion

In our opinion, FB Shipping Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Statement of financial position as at 31 December 2021; Statement of comprehensive income and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. We draw attention to the going concern section in the notes of the financial statements, which indicates that the Company has been in an ongoing restructuring process since 2016, caused by various complicating factors as indicated in note 1.

Successful implementation of the current, December 2022 restructuring proposal is fully dependent on the continued support of all relevant Framework Agreement ("FWA") and non-FWA lenders. The Restructuring Support Agreement ("RSA") and term sheet obtained credit committee approval by (a qualified majority of) FWA lenders on 31 January 2023. Implementation of the proposal includes many legal steps and interdependencies which are to be completed.

Finally, it is uncertain if the existing shareholder will grant approval to the Company entering into the transaction documentation, which is necessary under the existing Company governance. While it is unlikely to completely stop the restructuring, potential absence of shareholder approval may further complicate the execution process, and thereby the risk associated to it. Upon Restructuring Effective Date ("RED"), further consequential uncertainties exist as to whether NewCo will be able to meet its post-restructuring debt service obligations, whether NewCo will be able to manage the exit process of Offshore vessels ("OSV") in an orderly fashion while simultaneously rightsizing the Offshore management platform and general overhead functions and whether solvent liquidation of the legal entity Vroon Group B.V. (the Company) can and will be effectuated after RED.

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine 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, the directors are 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' 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 (UK) 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate manual journals to increase turnover and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiring of key management personnel of known or suspected instances of fraud or non-compliance with laws and regulations;
- Identifying and testing journal entries, in particular any journal entries posted by unusual account combinations impacting turnover;
- Reviewing minutes of meetings of the Board of Directors;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the group's and company's financial statements; and
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

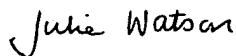
Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Julie Watson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Aberdeen
13 February 2023

FB SHIPPING LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Revenue		15,906	23,772
Administrative expenses		(2,040)	(111)
Gross profit		13,866	23,661
Interest payable and similar charges	6	(16,306)	(22,853)
Other gains and losses	7	70,137	-
Profit before taxation		67,697	808
Tax on profit		(6,491)	(6,491)
Profit/(loss) and total comprehensive income /(expense) for the financial year		61,206	(5,683)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

FB SHIPPING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Notes	2021 £	2020 £
Non-current assets			
Finance lease receivables	8	2,055,937	2,194,585
Current assets			
Trade and other receivables	10	346,171	261,937
Cash and cash equivalents		8,029	2,107
		354,200	264,044
Current liabilities			
Borrowings	11	-	(137,693)
Trade and other payables	12	(2,360,516)	(2,332,796)
Taxation and social security		(6,760)	(6,485)
		(2,367,276)	(2,476,974)
Net current liabilities		(2,013,076)	(2,212,930)
Net assets/(liabilities)		42,861	(18,345)
Equity			
Called up share capital	13	100	100
Retained earnings/(Accumulated losses)		42,761	(18,445)
Total equity		42,861	(18,345)

The notes on pages 10 to 24 are integral part of these financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements on pages 7 to 24 were approved by the board of directors and authorised for issue on 13 February 2023 and were signed on its behalf by:



S G Thom
Director
Aberdeen
Company Registration No. 5161386

FB SHIPPING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2020	100	(12,762)	(12,662)
Year ended 31 December 2020:			
Loss and total comprehensive expense for the year	-	(5,683)	(5,683)
	<hr/>	<hr/>	<hr/>
Balances at 31 December 2020	100	(18,445)	(18,345)
	<hr/>	<hr/>	<hr/>
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	61,206	61,206
	<hr/>	<hr/>	<hr/>
Balances at 31 December 2021	100	42,761	42,861
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

FB SHIPPING LIMITED is a private company limited by shares incorporated in England and Wales. The registered office is Tobias house, St Marks' Court, Teesside Business Park, Teesside, TS17 6QW.

The principal activity of the company continued to be that of lessor and financier of assets for the shipping sector.

1.1 Statement of compliance

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime and under the historic cost accounting rules.

These financial statements were prepared for the in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

Basis of preparation

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

In preparing these financial statements, the Company has applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), making amendments where necessary in order to comply with the Companies Act 2006. The Company has also taken advantage of the available FRS 101 disclosure exemptions in relation to the following:

- A Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital and tangible fixed assets;
- Disclosures in respect of transactions with related parties;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRS's: and IFRS 7, 'Financial instruments: Disclosures;
- Disclosures in respect of the compensation of Key Management Personnel

The Company proposes to continue to adopt the reduced disclosure framework in its next financial statements.

The Company's ultimate parent, Vroon Group B.V. includes the Company in its consolidated financial statements. The consolidated financial statements of Vroon Group B.V. are available to the public and may be obtained from Vroon Shipping U.K. Ltd, C/o Endeavour Partnership LLP, Tobias House, St Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

No judgments', made by the directors, in the application of these accounting policies, are considered to have a significant effect on the financial statements. No estimates have a significant risk of material adjustment in the next year.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

The Company is part of a corporate group with Vroon Group B.V. (hereafter: "the Group") as ultimate holding Company. The Company is interrelated with the financing of Vroon Group B.V. through group wide guarantees and common financial, legal and commercial interests.

The Group has been in an ongoing restructuring process since 2016. This is an exceptionally long period. Causes are a complex financing structure, with many lenders with often conflicting interests and different lending positions. Vroon also has a complex legal structure given its size. In addition, volatility of the specific markets in which the Group operates has required the restructuring proposals to be amended repeatedly to cater for changes in forecasts that typically result from unexpected market developments. Below, we provide a summary of the key events leading up to the current situation, an outline of what the current restructuring plan encompasses, our assessment of the uncertainties pertaining to the current proposal and the execution thereof, and finally our conclusion as to the going concern basis for preparing these financial statements.

As a result of a protracted market downturn in several of its business segments, the Group's results have been under pressure for several years and the Group has been struggling to fulfil its commitments under various lending agreements. Despite the divestment of more than 70 vessels since 2016, thereby significantly reducing outstanding debt and reducing costs, over indebtedness continues to date. While certain markets have shown improvements in more recent years, and although cash generation has been continuously positive, it has been insufficient to serve remaining debts in terms of interests and repayment obligations.

Following extensive discussions and negotiations, the Group signed a Framework Agreement (FWA) with 18 Lenders in November 2018, with a duration until 31 March 2021. This FWA obligated the Group to make certain debt repayments, to pay cash interest and incur deferred 'Paid in Kind' (PIK) interest, to divest certain activities and vessels, and to restrict investments, movement of (excess) liquidity and any (dividend) distributions. The FWA excluded a number of financing facilities (non-FWA) related to bareboat charter agreements and/or Lender positions, which could not be included in the FWA. Soon after the FWA was signed, results trailed the underlying business plan. Following the announcement of a unilateral standstill, the Group again defaulted in June 2020. The Group and its Lenders were unable to complete the restructuring prior to 31 March 2021, causing a further default that continues today. The discussions to come to a new financing agreement with Lenders have continued during 2021 and 2022.

In the 2020 financial statements, the Company disclosed in detail the events in the restructuring process during 2020 and up to December 2021. On 6 December 2021, the Group agreed to a Term Sheet for the Group's restructuring, which was finally approved by all remaining Lenders by early April 2022. In this December 2021 Term Sheet, the group's economically non-viable (i.e. structurally overleveraged) assets including most of the conventional offshore fleet and its associated debt would be transferred into a separate (warehouse) legal structure (WHCo), which would ultimately be wound down, while the other part of the assets would be operated as a going concern (NewCo) in a separate legal structure financed via a syndicated loan structure.

During April 2022, the Group informed its Lenders that it was unable to implement the restructuring as foreseen in the Term Sheet, due to different development of the underlying performance of several of the Group's business segments than had been assumed in the December 2021 Term Sheet. Also, complex operational, legal and tax issues in the implementation process made timely implementation difficult. Lenders remained supportive and discussions continued to amend the terms of the December 2021 Term Sheet.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going Concern (continued..)

During the period May to July 2022, the Group proposed various alternative scenarios to amend the December 2021 Term Sheet, focused mainly on avoiding a full legal separation and on retaining most of the conventional offshore fleet (offshore-support vessels (OSV)) financed by a separate syndicated facility very similar to the NewCo syndicated loan structure. During August and September 2022, it became clear that not all OSV Lenders would support a refinancing of their facilities and were seeking exit through disposal of their financed vessels. In addition, two FWA Lenders indicated they would not support a NewCo syndicated structure and would also be seeking an exit through disposal of their financed vessels. During the period May to October 2022, several Lenders continued with limited enforcements on earnings accounts, restricting freely available cash, and two vessels were seized by Lenders. Following further intercreditor discussions during late October 2022, essentially all OSV Lenders indicated they were no longer prepared to refinance their OSV facilities and confirmed their intent to seek exit through disposal of their vessels, or through a business disposal.

The Amended Restructuring Proposal

On 9 December 2022, a comprehensive Restructuring Proposal was agreed between the Group and the Monitoring Committee (MOCOM) of the FWA Lenders, whose members represent over 60% of the outstanding debt. As part of this proposal, the Lenders will write off debt and assume ownership of Lamo Holding B.V., Vroon Group B.V.'s main subsidiary and thereby assume ownership of all activities, including essentially all assets and liabilities. In addition, upon the Restructuring Effective Date (RED), which is to occur no later than 31 March 2023, Vroon Group B.V. will be released from all its guarantee obligations and will retain sufficient funds to settle its remaining obligations and be liquidated on a solvent basis. Upon assuming control of Lamo Holding B.V., the Lenders will right-size the current debt to a more sustainable level, intend to divest certain activities and continue the business in the years to come. Below, we provide more detail how Lamo Holding's activities will be adjusted after the Restructuring Proposal has been approved by all parties.

The agreed Restructuring Proposal foresees a continued combination of businesses (NewCo) for the Livestock, Tanker, High-Heat and Emergency Response and Rescue Vessels (ERRV). Newco will be financed with a syndicated loan facility, combined with several separate and ringfenced facilities (remaining non-FWA lending positions) with their individual debt service profiles. Maturity date of the Newco financing will be 30 September 2025.

The financed OSV fleet will be disposed over an orderly 18-month process, through individual vessel sales or in a business sale process. The OSV facilities will remain bilateral and become non-recourse. These vessels will, in the meantime, continue to be managed by Newco. The associated management platform will be right-sized, in line with the reducing number of vessels under management.

The Restructuring Proposal includes release of existing enforcements, significant debt write-offs, release of corporate guarantees (termination of cross-subsidisation), continued cash pooling, distribution of proceeds from currently unencumbered OSVs, cash support for exiting Lenders and a customary security package for NewCo syndicate Lenders. The syndicate structure will have financial covenants that are considered customary for the size and nature of this loan. NewCo will include the build-up of a so-called 'Restructuring Reserve', to allow for the future right-sizing of NewCo management and corporate support activities. The Proposal also includes resolutions for the two opposing FWA Lenders. The Company will be part of the continued business of 'NewCo'.

The total pre-RED debt of the Group on 31 March 2023 is estimated at USD 811m, of which USD 426m is related to NewCo (syndicate and separate facilities) and the remaining USD 385m to OSV loan facilities. On RED, write-offs, waivers and repayments as agreed in the Term Sheet will reduce the reinstated Newco debt to USD307m. As the OSV debts on RED are amended to non-recourse and corporate guarantees will no longer apply, these will be restated at their corresponding June 2022 fair market values of the related vessels, amounting to an aggregate of USD 182m.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern (continued..)

NewCo Loan-to-Value of the Group post-RED (excluding value of the unencumbered vessels) is estimated at 70%. The total proceeds from disposal of unencumbered vessels are estimated at USD 47.5m and will be applied to increase the Restructuring Reserve by USD 25.0m, further NewCo debt reduction of USD 14.1m and distribution to exiting Lenders of USD 8.4m.

As part of the agreed implementation process, on 31st January 2023 the FWA Lenders approved a Restructuring Support Agreement (RSA), which will restrict Lenders from initiating further enforcements and obligates the Group and its FWA Lenders to further implement the proposed restructuring towards RED. Following the required FWA Lender credit committee approval threshold of 85% and completion of certain Conditions Precedent which the Group believes can be met, the RSA will become effective, and the Group will start with the sale process of certain OSVs.

The Restructuring Proposal is supported by the MOCOM Lenders, representing approximately over 60% of the outstanding lending exposure. All FWA Lenders confirmed to the Group in writing their intention to complete the proposed restructuring, subject to the final terms of the agreement, documentation in form and substance satisfactory to the Lenders and credit committee approvals. Although not legally binding, this supports the Managing Board's expectation of the continued support from the Group's Lenders. Although implementation of the proposed restructuring can ensure longer-term going concern, it will only partially allow for execution of the Group's current strategy, since the FWA Lenders do not support longterm refinancing and continuation of the OSV fleet. As a consequence, NewCo will only partially benefit from the expected further improvement in offshore markets, other than for its Aberdeen-based ERRV business. The NewCo business and financing plan, on which the restructuring proposal is based, does not include any provision for fleet expansion or meaningful investment, beyond statutory and regulatory vessel maintenance. The NewCo business plan is based on prudent and conservative assumptions on revenue realisation, operating costs and capital expenditure. Management believes that sufficient opportunity exists to manage any reasonably foreseeable downside risk through cost avoidance and cash improvement. The future stability and longer-term viability of NewCo will be dependent on the continued performance of its four business segments, which during the past years have shown themselves to be volatile, and on the management activities NewCo will perform for OSVs still under management.

Material uncertainty regarding going concern

The Restructuring Support Agreement ("RSA") and term sheet obtained credit committee approval by (a qualified majority of) FWA lenders on 31 January 2023. The current restructuring proposal, as reflected in the RSA and the Term Sheet, is complex. Implementation of the proposal includes many legal steps and interdependencies which are to be completed. Successful implementation is fully dependent on the continued support of all relevant FWA and non-FWA Lenders. Uncertainty exists as to whether it can be timely implemented, which depends amongst other things on complying with Conditions Precedent included in both the RSA and the Term Sheet.

Finally, it is uncertain if the existing shareholder will grant approval to the Group entering into the transaction documentation, which is necessary under the existing Group governance. While it is unlikely to completely stop the restructuring, potential absence of shareholder approval may further complicate the execution process, and thereby the risk associated to it.

Upon RED, further consequential uncertainties exist whether:

* NewCo will be able to meet its post-restructuring debt service obligations, which the Managing Board believes are achievable, but uncertain. In this respect, NewCo entities must meet their expected financial performance during 2023 and improve their performance in the years thereafter to generate sufficient earnings and cash flow.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern (continued..)

* NewCo will be able to manage the exit process of Offshore vessels in an orderly fashion by disposing up to 40 vessels prior to the end of 2024, while simultaneously rightsizing the Offshore management platform and general overhead functions.

* Solvent liquidation of the legal entity Vroon Group B.V. can and will be effectuated after RED.

A continued improvement of the global shipping markets in the coming years is a condition to meet the expected financial performance for NewCo, and a sudden downturn in OSV markets may make timely disposal difficult due to a lack of buyers.

All these conditions are linked and to a large extent interdependent and thus indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

However, we believe that all Lenders have shown that they support a consensual restructuring based on the existing proposal, which is confirmed separately and in writing by all FWA Lenders and submitted for credit committee approval by all FWA Lenders. On this basis, we believe that implementation of this proposal can provide for a solvent liquidation of Vroon Group B.V., ensure continuity post-RED for NewCo, and will allow for an orderly winddown/disposal of the Conventional Offshore Division. Although much work is still to be completed and uncertainties remain, we believe that completion towards RED on 31 March 2023 is achievable.

The directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. All such revenue is reported net of discounts and value added and other sales taxes.

Revenue from finance leases is recognised in accordance with the company's policy on leases (see below).

Finance Income and finance costs

Income on financial assets that are classified as loans and receivables and interest expense on financial liabilities other than those at fair value through the statement of profit or loss are determined using the effective interest method. The effective interest rate is the rate that discounts the estimated future cash payments or receipts over the expected life of the instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the future cash flows are estimated after considering all the contractual terms of the instrument excluding future credit losses. The calculation includes all amounts paid or received by the company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition, issue or disposal of the financial instrument and all other premiums or discounts. Interest income on assets classified as loans and receivables, interest expense on liabilities classified at amortised cost and interest income are recognised in the Statement of Comprehensive income or loss.

Leases

Amounts due from lessees under finance leases are recorded as receivables at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases and hire purchase contracts.

If the lease agreement transfers the risk and rewards of the asset, the lease is recorded as a finance lease and the related asset is capitalised. At inception, the asset is recorded at the lower of the present value of the minimum lease payments or fair value and depreciated over the lower of the estimated useful life and the life of the lease. The corresponding rental obligations are recorded as borrowings. The aggregate benefit of incentives, if any, is recognised as a reduction of rental expense over the lease term on a straight-line basis.

1.4 Cash and cash equivalents

Cash is represented by cash in hand and in the bank.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received. Ordinary shares are classified as equity.

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current taxation, including UK corporation tax and foreign tax, is provided for at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. The company's profits from vessel operations are taxed under the UK Tonnage tax regime.

1.7 Financial Instruments :

The Company's accounting policies were changed to comply with IFRS 9. IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. IFRS 9 also significantly amends other standards dealing with financial instruments such as IFRS 7 Financial Instruments: Disclosures.

a) Classification and measurement

Financial assets

It is the Company's policy to initially recognize financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in the statement of comprehensive income.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortized cost, fair value through statement of comprehensive income and at fair value through other comprehensive income.

All the Company's financial assets as at 31 December 2021 satisfy the conditions for classification at amortized cost under IFRS 9.

The Company's financial assets include cash and cash equivalents, finance lease receivables and trade and other receivables. They are included in current assets, except for maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in the statement of comprehensive income and presented in finance income/costs.

Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortized cost net of directly attributable transaction costs.

The Company's financial liabilities include Borrowings and Trade and other payables.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Financial Instruments : [continued..]

b) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortized cost. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for accounts receivable while the general approach is applied to cash and bank balances.

The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each ageing bucket and for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable, and it assesses the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period.

These three components are multiplied together and adjusted for forward-looking information to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof. Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognized in the statement of comprehensive income.

c) Significant increase in credit risk and default definition

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.7 Financial Instruments : [continued..]

Furthermore, financial assets that have been identified to be more than 45 days past due for accounts receivable on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of Stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 365 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

d) Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognized as finance income/costs.

Financial liabilities

The Company derecognizes a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or canceled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized immediately in the statement of comprehensive income.

e) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet. Offsetting can be applied when there is a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Adoption of new and revised standards and changes in accounting policies

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company.

These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Residual values

Residual values are estimated at the inception of the lease agreements and are subsequently reviewed for impairment during the life of the lease agreements. Appropriate impairment losses are charged to the Statement of comprehensive income.

Impairment loss allowances

Individual impairment loss allowances are made in respect of finance and rental agreements where recovery is considered doubtful. The impairment loss allowances are deducted from the net investment in finance agreements. The charge in the Statement of comprehensive income comprises write offs, recoveries and the net movement in impairment loss allowances in the year.

4 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	8,000	7,000
	<u> </u>	<u> </u>
For other services		
Tax services	2,000	2,000
	<u> </u>	<u> </u>

Auditors' remuneration was borne by the another group company in the current and preceding year.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

The company had no employees in either the current year or the preceding year.

6 Interest payable and similar charges

	2021 £	2020 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	5,793	7,239
Interest payable to group undertakings	8,617	15,597
Foreign exchange loss	1,896	17
	<u>16,306</u>	<u>22,853</u>

7 Other gains and losses

	2021 £	2020 £
Amounts written back to current loans	<u>70,137</u>	<u>-</u>

- Other gains represents the bank loan written off during the year.

8 Finance Lease Receivables

	Current 2021 £	2020 £	Non-current 2021 £	2020 £
Amounts receivable under finance lease	<u>275,276</u>	<u>261,637</u>	<u>2,055,937</u>	<u>2,194,585</u>

Fair value of financial assets carried at amortised cost

The directors consider that the carrying amounts of financial assets carried at amortised cost in the financial statements approximate to their fair values.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2021

9 Finance lease receivables

	2021 £	2020 £
Gross amounts receivable under finance leases:		
Within one year	280,144	266,804
In two to five years	1,267,829	1,207,456
In over five years	1,462,824	1,803,341
	<u>3,010,797</u>	<u>3,277,601</u>
Unearned finance income	(679,584)	(821,379)
	<u>2,331,213</u>	<u>2,456,222</u>
Present value of minimum lease payments receivable	<u>2,331,213</u>	<u>2,456,222</u>
The present value is receivable as follows:		
Within one year	275,276	261,637
In two to five years	804,856	699,990
In over five years	1,251,081	1,494,595
	<u>2,331,213</u>	<u>2,456,222</u>

Analysed as:	2021	2020
	£	£
Non-current finance lease receivables		
(recoverable after 12 months)	2,055,937	2,194,585
Current finance lease receivables		
(recoverable within 12 months)	275,276	261,637
	-----	-----
	2,331,213	2,456,222
	=====	=====

In November 2011, the company made changes in the contracts for the leasing of its vessels. The lease terms were adjusted and are now contracted with related parties. Under the new lease terms, the company received additional rentals totalling £34,480,651 in November 2011. Accordingly, the remaining annual rentals are adjusted to be lower amounts than in the original payment scheme; but are receivable over the same time period and on the same payment dates. The company's finance leases are scheduled to be repaid in full in April 2031.

Residual values of assets leased under finance leases at 31 December 2021 is £nil (2020: £nil). The directors consider that the net investment in finance leases is approximately equal to their fair value.

10 Trade and other receivables

	2021 £	2020 £
Amounts owed by fellow group undertakings	<u>346,171</u>	<u>261,937</u>

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

11 Borrowings

Unsecured borrowings at amortised cost and Analysis of borrowings

Borrowings were classified based on the amounts that were expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2021 £	2020 £
Current liabilities		
Bank loans	-	(137,693)

The bank loan had an interest accrued on a monthly and paid on a quarterly basis @ the GBP LIBOR plus 0.3%. The bank loan was partly repaid & partly written off (see note 7).

Maturity Analysis of Bank Loan:

Payable :	2021 £	2020 £
1 - 3 Months	-	-
3 - 12 Months	-	(137,693)
1 - 5 Years	-	-
Over 5 Years	-	-
	-----	-----
	-	(137,693)
	=====	=====

12 Trade and other payables

	Current 2021 £	2020 £
Amounts due to fellow group undertakings	(2,360,516)	(2,332,376)
Accruals	-	(420)
	-----	-----
	(2,360,516)	(2,332,796)
	=====	=====

Interest rate variations due under		2021	2020
finance leasing contract:		£	£
Payable:	on demand or up to 1 month	(99,357)	(71,216)
		=====	=====

The loan due to the company's parent undertaking attracts interest at 0.28% above LIBOR per annum and interest is payable quarterly. There is no fixed repayment schedule for the loan capital.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

13	Called up Share capital	2021 £	2020 £
	Ordinary share capital		
	75 'A' ordinary shares of £1 each	75	75
	25 'B' ordinary shares of £1 each	25	25
		<u>100</u>	<u>100</u>

All issued share capital is classified as equity.

The "A" ordinary shares carry one vote each with no entitlement to appoint or remove directors.

The "B" ordinary shares carry 20 votes each with the entitlement to appoint or remove directors.

14 Contingent liabilities

In 2017, the company received tax assessments from HM Revenue & Customs related to the disallowance of £20.9 Million of capital allowances. The company is not in agreement with the basis of assessments and has submitted formal appeals disputing the amounts. The company has engaged Counsel and is confident that the assessments will be cancelled in due course. Accordingly, the company is of the opinion that it would not be appropriate to make provision for the tax impact of these assessments.

15 Events after the reporting date

During the first eleven months of 2022, the Vroon Group ("Group") sold nine of its vessels. The sale of these vessels has been taken into account in the assessment of the valuation of the Group's fleet as per year-end 2021, to the extent that the sale of these vessels was committed already during 2021 and any adjustment to book value had to be considered. The total of the sales proceeds has been used for loan repayments.

On 9 December 2022, the discussions regarding a new financing agreement resulted in a Restructuring Support Agreement for the Company/Group's restructuring. On 31st January 2023 the FWA lenders approved the Restructuring Support Agreement, leading to the Group and its FWA Lenders entering into a lock-up period until the agreed Restructuring Effective Date, set for no later than 31 March 2023. All Lenders acknowledged to the Group their intention to complete the proposed restructuring, subject to the final terms of the agreement, documentation in form and substance satisfactory to the Lenders and Credit Committee approvals. Although not legally binding, this supports the Managing Board's expectation of the continued support from its Lenders. Reference is made to the going concern sections as included in the Financial Statements.

No other events occurred after balance-sheet date that could result in significant implications for the Company.

FB SHIPPING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 DECEMBER 2021**

16 Controlling party

The company's immediate parent undertaking is Vroon Shipping U.K. Ltd, a company registered in England.

The ultimate holding company & ultimate controlling party is Vroon Group B.V., a company registered in the Netherlands.

The consolidated financial statements of Vroon Group B.V. are available to the public and may be obtained from Vroon Shipping U.K. Ltd, C/o Endeavour Partnership LLP, Tobias House, St Mark's Court, Teesdale Business Park, Teesside, TS17 6QW.