

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 20-F**

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report  
For the transition period from        to

Commission file number 001-31236

**TSAKOS ENERGY NAVIGATION LIMITED**

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Bermuda

(Jurisdiction of incorporation or organization)

367 Syngrou Avenue

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Securities registered or to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Shares, par value \$5.00 per share	TNP	NYSE
Series D Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	TNP.PRD	NYSE
Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	TNP.PRE	NYSE
Series F Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares, par value \$1.00 per share	TNP.PRF	NYSE

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None**

As of December 31, 2021, there were 24,565,940 of the registrant's Common Shares, 3,516,896 Series D Preferred Shares, 4,743,708 Series E Preferred Shares, 6,741,259 Series F Preferred Shares and 459,286 Series G Redeemable Convertible Preferred Shares outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes  No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated Filer  Non-accelerated filer  Emerging growth company

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report  Yes  No

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

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**TABLE OF CONTENTS**

<a href="#">FORWARD-LOOKING INFORMATION</a>	<a href="#">1</a>
<a href="#">PART I</a>	<a href="#">2</a>
<a href="#">Item 1. Identity of Directors, Senior Management and Advisers</a>	<a href="#">2</a>
<a href="#">Item 2. Offer Statistics and Expected Timetable</a>	<a href="#">2</a>
<a href="#">Item 3. Key Information</a>	<a href="#">2</a>
<a href="#">Item 4. Information on the Company</a>	<a href="#">25</a>
<a href="#">Item 4A. Unresolved Staff Comments</a>	<a href="#">45</a>
<a href="#">Item 5. Operating and Financial Review and Prospects</a>	<a href="#">45</a>
<a href="#">Item 6. Directors, Senior Management and Employees</a>	<a href="#">72</a>
<a href="#">Item 7. Major Shareholders and Related Party Transactions</a>	<a href="#">79</a>
<a href="#">Item 8. Financial Information</a>	<a href="#">82</a>
<a href="#">Item 9. The Offer and Listing</a>	<a href="#">83</a>
<a href="#">Item 10. Additional Information</a>	<a href="#">83</a>
<a href="#">Item 11. Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">101</a>
<a href="#">Item 12. Description of Securities Other than Equity Securities</a>	<a href="#">102</a>
<a href="#">PART II</a>	<a href="#">103</a>

<a href="#"><u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u></a>	<a href="#"><u>103</u></a>
<a href="#"><u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u></a>	<a href="#"><u>103</u></a>
<a href="#"><u>Item 15. Controls and Procedures</u></a>	<a href="#"><u>103</u></a>
<a href="#"><u>Item 16A. Audit Committee Financial Expert</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16B. Code of Ethics</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16C. Principal Accountant Fees and Services</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16D. Exemptions from the Listing Standards for Audit Committees</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16F. Change in Registrant's Certifying Accountant</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16G. Corporate Governance</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16H. Mine Safety Disclosure</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u></a>	<a href="#"><u>104</u></a>
<a href="#"><u>PART III</u></a>	<a href="#"><u>105</u></a>
<a href="#"><u>Item 17. Financial Statements</u></a>	<a href="#"><u>105</u></a>
<a href="#"><u>Item 18. Financial Statements</u></a>	<a href="#"><u>105</u></a>
<a href="#"><u>Item 19. Exhibits</u></a>	<a href="#"><u>105</u></a>

## FORWARD-LOOKING INFORMATION

All statements in this Annual Report on Form 20-F that are not statements of historical fact are “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995. The disclosure and analysis set forth in this Annual Report on Form 20-F includes assumptions, expectations, projections, intentions and beliefs about future events in a number of places, particularly in relation to our operations, cash flows, financial position, plans, strategies, business prospects, changes and trends in our business and the markets in which we operate. These statements are intended as forward-looking statements. In some cases, predictive, future-tense or forward-looking words such as “believe,” “intend,” “anticipate,” “estimate,” “project,” “forecast,” “plan,” “potential,” “may,” “should” and “expect” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.

Forward-looking statements include, but are not limited to, such matters as:

- future operating or financial results and future revenues and expenses;
- future, pending or recent business and vessel acquisitions, business strategy, areas of possible expansion and expected capital spending and our ability to fund such expenditures;
- operating expenses including the availability of key employees, crew, length and number of off-hire days, dry-docking requirements and fuel and insurance costs;
- general market conditions and shipping industry trends, including charter rates, vessel values and factors affecting supply and demand of crude oil, petroleum products and LNG, including the impact of the COVID-19 pandemic and the ongoing efforts throughout the world to contain it and the conflict in Ukraine and related sanctions;
- our financial condition and liquidity, including our ability to make required payments under our credit facilities, comply with our loan covenants and obtain additional financing in the future to fund capital expenditures, acquisitions and other corporate activities;
- the overall health and condition of the U.S. and global financial markets, including the value of the U.S. dollar relative to other currencies and the impact of the COVID-19 pandemic and the conflict in Ukraine;
- the carrying value of our vessels and the potential for any asset impairments;
- our expectations about the time that it may take to construct and deliver new vessels or the useful lives of our vessels;
- our continued ability to enter into period time charters with our customers and secure profitable employment for our vessels in the spot market;

- the ability and willingness of our counterparties, including our charterers and shipyards, to honor their contractual obligations;
- our expectations relating to dividend payments and ability to make such payments;
- our ability to leverage to our advantage the relationships and reputation of Tsakos Columbia Shipmanagement within the shipping industry;
- our anticipated general and administrative expenses;
- environmental and regulatory conditions, including changes in laws and regulations or actions taken by regulatory authorities;
- risks inherent in vessel operation, including terrorism, piracy and discharge of pollutants;
- potential liability from future litigation;
- global and regional political conditions;
- tanker, product carrier and LNG carrier supply and demand; and
- other factors discussed in the “Risk Factors” described in Item 3 of this Annual Report on Form 20-F.

We caution that the forward-looking statements included in this Annual Report on Form 20-F represent our estimates and assumptions only as of the date of this Annual Report on Form 20-F and are not intended to give any assurance as to future results. These forward-looking statements are not statements of historical fact and represent only our management’s belief as of the date hereof, and involve risks and uncertainties that could cause actual results to differ materially and inversely from expectations expressed in or indicated by the forward-looking statements. Assumptions, expectations, projections, intentions and beliefs about future events may, and often do, vary from actual results and these differences can be material. There are a variety of factors, many of which are beyond our control, which affect our operations, performance, business strategy and results and could cause actual reported results and performance to differ materially from the performance and expectations expressed in these forward-looking statements. These factors include, but are not limited to, supply and demand for crude oil carriers, product tankers and LNG carriers, charter rates and vessel values, supply and demand for crude oil and petroleum products and liquefied natural gas, accidents, collisions and spills, environmental and other government regulation, the availability of debt financing, fluctuation of currency exchange and interest rates and the other risks and uncertainties that are outlined in this Annual Report on Form 20-F. As a result, the forward-looking events discussed in this Annual Report on Form 20-F might not occur and our actual results may differ materially from those anticipated in the forward-looking statements. Accordingly, you should not unduly rely on any forward-looking statements.

We undertake no obligation to update or revise any forward-looking statements contained in this Annual Report on Form 20-F, whether as a result of new information, future events, a change in our views or expectations or otherwise. New factors emerge from time to time, and it is not possible for us to predict all these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement.

## PART I

Tsakos Energy Navigation Limited is a Bermuda company that is referred to in this Annual Report on Form 20-F, together with its subsidiaries, as “Tsakos Energy Navigation,” “the Company,” “we,” “us,” or “our.” This report should be read in conjunction with our consolidated financial statements and the accompanying notes thereto, which are included in Item 18 to this report.

On July 1, 2020, the Company effected a 1-for-5 reverse stock split of the common shares of the Company. All share and per share data disclosed in this annual report give effect to this reverse share split.

### **Item 1. Identity of Directors, Senior Management and Advisers**

Not Applicable.

### **Item 2. Offer Statistics and Expected Timetable**

Not Applicable.

### **Item 3. Key Information**

#### **Capitalization**

The following table sets forth our (i) cash and cash equivalents, (ii) restricted cash and (iii) consolidated capitalization as of December 31, 2021. This table should be read in conjunction with our consolidated financial statements and the notes thereto, and “Item 5. Operating and Financial Review and Prospects,” included elsewhere in this Annual Report.

[Table of Contents](#)

<i>In thousands of U.S. Dollars</i>	<b>As of December 31, 2021</b>
<b>Cash</b>	
Cash and cash equivalents	\$ 117,192
Restricted cash	10,005
<b>Total cash</b>	<b>127,197</b>
<b>Capitalization</b>	
<b>Debt:</b>	
Long-term secured debt obligations (including current portion)	\$ 1,373,187
<b>Stockholders' equity:</b>	
Preferred shares, \$1.00 par value; 25,000,000 shares authorized, 3,516,896 Series D Preferred Shares, 4,743,708 Series E Preferred Shares, 6,741,259 Series F Preferred Shares and 459,286 Series G Convertible Preferred Shares issued and outstanding	15,461
Common shares, \$5.00 par value; 35,000,000 shares authorized; 25,244,113 shares issued, and 24,565,940 shares outstanding	126,221
Additional paid-in capital	973,582
Cost of treasury stock	(6,791)
Accumulated other comprehensive loss	(17,175)
Retained earnings	149,505
Non-controlling interest	50,988
<b>Total stockholders' equity</b>	<b>1,291,791</b>
<b>Total capitalization</b>	<b>\$ 2,664,978</b>

**Reasons for the Offer and Use of Proceeds**

Not Applicable.

**Risk Factors**

[Table of Contents](#)

## Summary of Risk Factors

An investment in our common shares or preferred shares is subject to a number of risks, including risks related to our industry, business and corporate structure. The following summarizes some, but not all, of these risks. Please carefully consider all of the information discussed in “Item 3. Key Information— Risk Factors” in this annual report for a more thorough description of these and other risks.

### Risks Related To Our Industry

- If rates in the cyclical tanker charter market, which can be volatile, remain at low levels for any significant period it will have an adverse effect on our results of operations.
- The COVID-19 pandemic will continue to have negative consequences for the shipping industry, including demand for oil and charter rates, which may continue to negatively affect our results of operations.
- Disruptions in world financial markets and economic conditions, including as a result of the conflict in Ukraine, as well as protectionist trade measures and other governmental action, could have a material adverse impact on our results of operations.
- The tanker industry is highly dependent upon the crude oil and petroleum products industries, with the level of availability and demand for oil and petroleum products impacting demand for tankers and, in turn, charter rates.
- An increase in the supply of vessels could cause charter rates to decline, adversely affecting our results.
- We face substantial competition for charters, including from state and independent oil companies.
- We operate internationally and terrorist attacks, international hostilities, economic sanctions and economic conditions could adversely affect our business.
- Failure to comply with the U.S. Foreign Corrupt Practices Act and other anti-bribery legislation could result in fines, criminal penalties, contract terminations and adversely affect our business.
- We are subject to regulation and liability under environmental, health and safety laws that could require significant expenditures.

### **Risks Related To Our Business**

- A decline in the future value of our vessels could affect our ability to comply with various covenants in our credit facilities, which are secured by mortgages on our subsidiaries' vessels.
- Charters at attractive rates may not be available when our current time charters expire.
- We are dependent on the ability and willingness of our charterers to honor their commitments to us for substantially all our revenues.
- Contracts for newbuilding vessels present certain economic and other risks.
- Credit conditions internationally might impact our ability to raise debt financing.
- The future performance of our subsidiaries' LNG carriers depends on continued growth in LNG production and demand for LNG and LNG shipping, which could be significantly affected by volatile natural gas prices and demand for natural gas, and the supply of LNG carriers.
- Our growth in shuttle tankers depends partly on continued growth in demand for offshore oil transportation, processing and storage services.
- Fuel is the largest expense in our shipping operations, and fuel prices may adversely affect our profits.
- The shipping industry has inherent operational risks that may not be adequately covered by our insurance.
- Our degree of leverage and certain restrictions in our financing agreements impose constraints on us.
- We are exposed to volatility in LIBOR and selectively enter into derivative contracts, which can result in higher than market interest rates and charges against our income, and uncertainty surrounding the transitioning of LIBOR-based agreements to an alternative benchmark.
- The Tsakos Holdings Foundation and the Tsakos family, who own a significant percentage of our common shares, can exert considerable control over us, which may limit your ability to influence our actions.

### **Risks Related to Our Management Arrangements**

- We depend on Tsakos Energy Management, Tsakos Shipping and TCM to manage our business, as we do not have the employee infrastructure to manage our operations and have no physical assets.
- Tsakos Shipping and TCM could experience conflicts of interests in performing obligations owed to us and the operators of other tankers, including tankers that clients of Tsakos Shipping have acquired.
- Our chief executive officer has affiliations with Tsakos Energy Management, Tsakos Shipping and TCM, which could create conflicts of interest.

### **Risks Related To Our Common and Preferred Shares**

- Future sales of our shares in the public market could cause the market price of our shares to decline.
- We may not be able to pay cash dividends on our common shares or preferred shares as intended if market conditions change.
- Our preferred shares represent perpetual equity interests and holders have no right to receive any greater payment than the liquidation preference regardless of the circumstances.
- Holders of our preferred shares have extremely limited voting rights.

- Provisions in our Bylaws and our management agreement with Tsakos Energy Management would make it difficult for a third party to acquire us, even if such a transaction is beneficial to our shareholders.
- Because we are a Bermuda company you may not have the same rights as a shareholder in a U.S. corporation.
- As “foreign private issuer” under NYSE rules we are entitled to exemption from certain NYSE corporate governance standards, and you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

#### **Tax Risks**

- If we became subject to corporate income tax in jurisdictions in which we operate, our financial results would be adversely affected.
- If we were treated as a passive foreign investment company, a U.S. investor in our shares would be subject to disadvantageous rules under U.S. tax laws.

#### **Risks Related To Our Industry**

**The tanker industry is cyclical, resulting in charter rates that can be volatile. Poor charter markets for crude oil and product tankers may adversely affect our future revenues and earnings.**

The tanker industry is historically cyclical, resulting in volatility in charter rates, and, in turn, our revenue and earnings. The typical cycle is partially the result of fluctuations in the number of tankers available in the market, which determines the overall supply of tankers competing for charters. The number of tankers in the market changes as a result of new deliveries to the market, offset by vessels demolished or converted due to technical obsolescence, as well as changes in the number of vessels occupied on long-distance travel or delayed by geopolitical events. The cycle is also impacted by demand for charter hires resulting from material changes in the supply of and demand for oil due primarily to fluctuations in the price of oil and to geopolitical factors. As of April 21, 2022, two thirds of the vessels owned by our subsidiary companies were employed under charters based upon prevailing market rates (including time charters with a profit share component), and the remaining vessels were employed on time charters which, if not extended, are scheduled to expire on various dates between April 2022 and June 2028, including ten which are scheduled to expire in 2022. After declining significantly from 2016 through most of 2018, adversely affecting our revenues, profitability and cash flows, tanker charter rates improved significantly in the latter part of 2019 and stayed strong through the first half of 2020 due mainly to a strong demand for floating oil storage brought about by low oil prices. However, stagnant demand for oil induced by the COVID-19 pandemic and the release of inventory from storage caused a dramatic fall in tanker rates in the second half of 2020 which continued through 2021 and into 2022, before improving modestly late in the first quarter of 2022. The global economy and demand for oil and oil products remains subject to substantial uncertainty due to the COVID-19 outbreak and related containment efforts throughout the world. In addition, the conflict in Ukraine is disrupting energy production and trade patterns and its impact on energy prices and tanker charter rates, which initially have increased, is uncertain. If rates in the charter market were to remain at low levels for any significant period in 2022, it will have an adverse effect on our revenues, profitability and cash flows. Declines in prevailing charter rates also affect the value of our vessels, which are correlated to the trends of charter rates, and could affect our ability to comply with our loan covenants.

**The COVID-19 pandemic will continue to have significant consequences globally that will have a broad range of consequences for the shipping industry, including negatively impacting demand for energy and charter rates, which could continue to negatively affect our business and results of operations.**

The impact of the COVID-19 pandemic has had and may continue to have far-reaching repercussions on our business and industry which continue to evolve. There have been many effects on the shipping industry, directly and indirectly, arising from the pandemic. The most important issue to face the industry and our Company, given the high number of fatalities since the beginning of the outbreak, is the potential temporary or permanent loss of onshore personnel and seafarers including individuals who have years of experience with the Company. Our suppliers, the yards that repair and build our vessels and the refineries that our vessels serve, may also suffer reductions in personnel, lost demand for their products and services and government-imposed restrictions on their operations.

The outbreak of the COVID-19 virus, beginning in early 2020 and continuing into 2022, has led several countries, ports and organizations to take measures against its spread, such as quarantines and restrictions on travel. These measures have and will likely continue to cause severe trade disruptions due to, among other things, the unavailability of personnel, supply chain disruption, interruptions of production, delays in planned strategic projects and closure of businesses and facilities.

The COVID-19 pandemic and the global response to it has introduced uncertainty in various areas of our business, including our operational, commercial and financial activities. It has also negatively impacted, and may continue to impact negatively, global economic activity, which has negatively impacted demand for energy including oil and oil products, as well as LNG, and in turn charter rates for our vessels not fixed on long-term fixed-rate charters. These factors may continue to have a significant adverse effect on our ability to secure charters at profitable rates, particularly for our vessels in the spot market or those operating with profit share arrangements or the ten tankers in our fleet with charters expiring in 2022, as demand for additional charters could continue to be significantly affected. The business of our charterers could also be adversely affected, which could adversely affect their ability and willingness to perform their obligations under our existing charters as well as decreasing demand for future charters. COVID-19 is also affecting oil major vetting processes, which could lead to the loss of oil major approvals to conduct business with us and in turn the loss of revenue under existing charters or future chartering opportunities.

Travel restrictions imposed on a global level also caused disruptions in scheduled crew changes on our vessels and delays in carrying out of certain hull repairs and maintenance during 2020 and 2021, which disruptions could also continue to affect our operations. Our business and the shipping industry as a whole may continue to be impacted by a reduced workforce and delays of crew changes as a result of quarantines applicable in several countries and ports, as well as delays in the construction of newbuild vessels, scheduled dry dockings, intermediate or special surveys of vessels and scheduled and unscheduled ship repairs and upgrades. Prolongment of the COVID-19 pandemic could impact credit markets and financial institutions and result in increased interest rate spreads and other costs of, and difficulty in obtaining, bank financing, including to refinance balloon payments due upon maturity of existing credit facilities and to finance the purchase price of vessel acquisitions, which could limit our ability to grow our business in line with our strategy.

The lockdowns and commitment by world governments to provide financial support to their populations during the pandemic may have serious adverse long-term effects on the economies and budgetary resources of these nations, which in turn may result in a decline in oil demand and a reduction of vessel utilization. Government-imposed lockdowns, curfews and other restrictions on businesses and personal activity in many countries may even lead to changes in prevailing governmental practices and relationships between governments and their citizens that may in turn lead to political turmoil and strife.

Failure to control the continued spread of COVID-19 could continue to significantly impact economic activity, and in turn demand for crude oil, oil products and LNG, which could further negatively affect our business, financial condition, results of operations and cash flows.

**Disruptions in world financial markets and economic conditions, including due to the COVID-19 pandemic and the conflict in Ukraine, and protectionist trade measures and other governmental action in the United States and in other parts of the world could have a material adverse impact on our results of operations, financial condition, cash flows and share price.**

Global financial markets and economic conditions have been disrupted and volatile at times over the past two decades, and more recently since 2020 as a result of the COVID-19 pandemic and in 2022 as a result of the conflict in Ukraine and inflation concerns, and remain subject to significant vulnerabilities, such as the deterioration of fiscal balances and the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit in the shipping industry, all of which are likely to be exacerbated by the continued spread the COVID-19 and its variants. While the global economy was improving, it remained subject to downside risk, and the outbreak of COVID-19 and second waves in several key economies has dramatically disrupted the global economy, the duration of which is unpredictable. This may also prolong tight credit markets and potentially cause such conditions to become more severe.

In addition, the exit of the UK from the European Union and the possible need of realignment of trading patterns as a consequence, as well as continued turmoil and hostilities in Ukraine and the Middle East or potential hostilities elsewhere in the world and additional public health emergencies or natural disasters, could contribute to volatility in the global financial markets. These circumstances, along with the re-pricing of credit risk and the reduced participation of certain financial institutions from financing of the shipping industry, will likely continue to affect the availability, cost and terms of vessel financing. If financing is not available to us when it is needed, or is available only on unfavorable terms, our business may be adversely affected, with corresponding effects on our profitability, cash flows and ability to pay dividends.

Moreover, as a result of the slow recovery from the economic crisis in Greece, exacerbated by the spread of COVID-19 in the country and related restrictions of movement, and the related austerity measures implemented by the Greek government, our operations may be subjected to new regulations that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Greek government new taxes or other fees or that dividends we pay be subject to withholding taxes. Financial difficulties of the European Union resulting from the UK exit from the European Union and challenges confronted by member states in addressing the COVID-19 pandemic, particularly Italy, France and Spain, may place additional pressure on the Eurozone and limit the flexibility of its leadership and member states in lending to the Greek government. Furthermore, the commitments by the Greek government to the nations' creditors and potential shift in its policies may potentially lead to Greece's exit from the Eurozone if not satisfied, which could affect our technical and commercial managers' operations located in Greece.

The implementation by the U.S. or other governments of protectionist trade measures, including tariffs or other trade restrictions such as those imposed by the U.S. and China, could also adversely affect the world oil and petroleum markets.

**The tanker industry is highly dependent upon the crude oil and petroleum products industries.**

The employment of our subsidiaries' vessels is driven by the availability of and demand for crude oil and petroleum products, the availability of modern tanker capacity and the scrapping, conversion, or loss of older vessels. Historically, the world oil and petroleum markets have been volatile and cyclical because of the many conditions and events that affect the supply, price, production and transport of oil, including:

- increases and decreases in the demand and price for crude oil and petroleum products;
- availability of crude oil and petroleum products;

- demand for crude oil and petroleum product substitutes, such as natural gas, coal, hydroelectric power and other alternate sources of energy that may, among other things, be affected by environmental regulation;
- actions taken by OPEC and major oil producers and refiners;
- political turmoil in or around oil producing nations;
- global and regional political and economic conditions;
- developments in international trade;
- international trade sanctions;
- environmental factors;
- natural catastrophes;
- terrorist acts;
- weather; And
- changes in seaborne and other transportation patterns.

Despite turbulence in the world economy at times in recent years, worldwide demand for oil and oil products has continued to rise; however, the COVID-19 pandemic has caused demand for oil and oil products to stagnant and the conflict in Ukraine could ultimately have a similar effect. In the event that this recent softness persists and the long-term trend falters, the production of and demand for crude oil and petroleum products will encounter pressure which could lead to a decrease in shipments of these products and consequently this would have an adverse impact on the employment of our vessels and the charter rates that they command, as has been the case since the second half of 2020, aside from an initial increase from the conflict in Ukraine in March and April 2022. Also, if oil prices decline to uneconomic levels for producers, it may lead to declining output. As a result of any reduction in demand or output, the charter rates that we earn from our vessels employed on charters related to market rates may decline, as they have since the second half of 2020 through early 2022, and possibly remain at low levels for a prolonged period.

**Our operating results are subject to seasonal fluctuations.**

The tankers owned by our subsidiary companies operate in markets that have historically exhibited seasonal variations in tanker demand, which may result in variability in our results of operations on a quarter-by-quarter basis. Tanker markets are typically stronger in the winter months due to increased oil consumption in the northern hemisphere, but weaker in the summer months as a result of lower oil consumption in the northern hemisphere and refinery maintenance. As a result, revenues generated by the tankers in our fleet have historically been weaker during the fiscal quarters ended June 30 and September 30. However, there may be periods in the northern hemisphere when the expected seasonal strength does not materialize to the extent required to support sustainable profitable rates due to tanker overcapacity.

**An increase in the global supply of vessels, or specifically in a particular category of vessel, without an increase in demand for such vessels could cause global charter rates to decline, or rates for a particular category of vessel to decline, which could have a material adverse effect on our revenues and profitability.**

Historically, the marine transportation industry has been cyclical. The profitability and asset values of companies in the industry have fluctuated based on certain factors, including changes in the supply and demand of vessels. The supply of vessels generally increases with deliveries of newly constructed vessels and decreases with the scrapping or conversion of older vessels and/or the removal of vessels from the competitive fleet either for storage purposes or for utilization in offshore projects. The newbuilding order book equaled approximately 5% of the existing world tanker fleet at March 1, 2022, by number of vessels, with a significant amount of these newbuilding vessels scheduled to be delivered in 2022. No assurance can be given that the order book will not increase further in proportion to the existing fleet. If vessel supply increases, and demand does not match that increase, the charter rates for our vessels could decline significantly. In addition, any decline of trade on specific long-haul trade routes will effectively increase available capacity with a detrimental impact on rates. A decline in, or prolonged period of, already weak charter rates could have a material adverse effect on our revenues and profitability.

**The global tanker industry is highly competitive.**

We operate our fleet in a highly competitive market. Our competitors include owners of VLCC, suezmax, aframax, panamax, handymax and handysize tankers, as well as owners in the shuttle tanker and LNG markets, which are other independent tanker companies, as well as state and independent oil companies, some of which have greater financial strength and capital resources than we do. Competition in the tanker industry is intense and depends on price, location, size, age, condition, installation of required or technically up to date equipment and the acceptability of the available tankers and their operators to potential charterers.

**Acts of piracy on ocean-going vessels, although recently declining in frequency, could still adversely affect our business.**

Despite a decline in the frequency of pirate attacks on seagoing vessels in the western part of the Indian Ocean, such attacks remain prevalent off the west coast of Africa and between Malaysia and Indonesia. In addition, more recently, there has been an apparent attempted hijack of a tanker by stowaways off the UK coast, requiring military intervention by British special forces. If piracy attacks or vessel hijacks result in regions in which our vessels are deployed being characterized by insurers as “war risk” zones, as the Gulf of Aden has been, or Joint War Committee (JWC) “war and strikes” listed areas, premiums payable for such insurance coverage could increase significantly and such insurance coverage may be more difficult to obtain. Crew costs, including those due to employing onboard security guards, could increase in such circumstances. In addition, while we believe the charterer remains liable for charter payments when a vessel is seized by pirates, the charterer may dispute this and withhold charter hire until the vessel is released. A charterer may also claim that a vessel seized by pirates was not “on-hire” for a certain number of days and it is therefore entitled to cancel the charter party, a claim that we would dispute. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and cash flows.

**Terrorist attacks, international hostilities, economic and trade sanctions, including those related to the conflict in Ukraine, can affect the tanker industry, which could adversely affect our business.**

Major oil and gas producing countries in the Middle East have become involved militarily in conflicts in Iraq, Syria, Azerbaijan and Yemen. Armed conflicts with insurgents and others continue, as well, in Chad and Libya, and political unrest and instability have adversely affected the infrastructure and economic stability of Venezuela, each of which is a major oil exporting country. In addition, tension and instability in the Persian Gulf, such as explosions on two oil tankers in June 2019 in the Strait of Hormuz, a vital passageway for international oil shipment, may adversely affect the future export of oil around the region. In 2020, bellicose tensions between Greece and Turkey have increased relating to oil exploration rights in the Aegean Sea and off Cyprus and also relating to illegal movements of migrants from Turkey to Greece.

[Table of Contents](#)

Any such hostility or instability could seriously disrupt the production of oil or LNG and endanger their export by vessel or pipeline, which could put our vessels at serious risk and impact our operations and our revenues, expenses, profitability and cash flows in varying ways that we cannot now project with any certainty.

Furthermore, Russia's recent invasion of Ukraine, and sanctions announced in February and March 2022 by the United States, the EU and several European and other nations against Russia and any further sanctions, including any sanctions or restrictions affecting companies with Russian connections or the Russian energy sector and harmed by any retaliatory measures by Russia or other countries in response, may also adversely impact our business given Russia's role as a major global exporter of crude oil.

The increasing number of terrorist attacks throughout the world, longer-lasting wars, international incidents or international hostilities, such as in the Ukraine, Afghanistan, Iraq, Syria, Libya, Yemen and the Korean peninsula, could damage the world economy and adversely affect the availability of and demand for crude oil and petroleum products and negatively affect our investment and our customers' investment decisions over an extended period of time. In addition, sanctions against oil exporting countries such as Iran, Sudan, Syria, Russia and Venezuela may also impact the availability of crude oil which would increase the availability of tankers, thereby negatively impacting charter rates. We conduct our vessel operations internationally and despite undertaking various security measures, our vessels may become subject to terrorist acts and other acts of hostility like piracy, either at port or at sea. Such actions could adversely impact our overall business, financial condition and results of operations. In addition, terrorist acts and regional hostilities around the world in recent years have led to increases in our insurance premium rates and the implementation of special "war risk" premiums for certain trading routes, although our charter party agreements generally provide that additional war risks insurance costs are for charterers' account.

**The conflict in Ukraine could disrupt our operations and negatively impact charter rates and costs.**

The conflict in Ukraine, and the economic sanctions imposed by the EU, U.S. and other countries in response to Russian action, is disrupting energy production and trade patterns, including shipping in the Black Sea and elsewhere, and its impact on energy prices and tanker rates, which initially have increased, is uncertain. In 2021, Russia is estimated to have accounted for approximately 9% of seaborne crude oil exports and 11% of refined petroleum exports, and escalating tensions in the region and fears of potential shortages in the supply of Russian crude oil have caused the price of crude oil to currently trade above \$100 per barrel. If Russian crude oil is not available for export, due to the extension of economic sanctions, boycotts or otherwise, it could result in a reduction in the supply of crude oil and refined petroleum products cargoes available for transportation and, while initially tanker rates have increased, negatively impact tanker charter rates over the longer term. In addition, high oil prices could reduce demand for oil and refined petroleum products, including in the event of any slowdown in the global economy due such high oil prices or the impact of economic sanctions or geopolitical tensions and uncertainty, and in turn reduce demand for tankers and tanker charter rates. The conflict may also impact various costs of operating our business, such as bunker expenses, for which we are responsible when our vessels operate in the spot market, which have increased with oil prices, war risk insurance premiums and crewing services, as Russia and the Ukraine are significant sources of crews, which may be disrupted or more expensive.

In addition, to the extent our vessels carry cargoes originating in Russia, in compliance with existing sanctions, oil majors and other charterers may elect not to charter our vessels simply for doing business with companies that do lawful business in Russia. In addition, it may not be possible for us to obtain war risk insurance for any vessel loading Russian origin cargoes. In such a case, if the vessel was damaged in connection with such a voyage, which could result in the total loss of the vessel, we would have to bear the repair and other costs associated with such an incident, as well as the lack of revenue from any off-hire period, in reliance on our existing cash resources, and we would remain obligated to service and repay our outstanding indebtedness secured by such vessel.

The situation in Ukraine, and the global response, continues to evolve and its impact on energy supply and demand, energy prices and tanker operations and charter rates remains subject to considerable uncertainty, which could adversely impact our business, results of operations and financial condition.

**Our charterers may direct one of our vessels to call on ports located in countries that are subject to restrictions imposed by the U.S. government, the UN or the EU, which could negatively affect the trading price of our shares.**

On charterers' instructions, our subsidiaries' vessels may be requested to call on ports located in countries subject to sanctions and embargoes imposed by the U.S. government, the UN or the EU and countries identified by the U.S. government, the UN or the EU as state sponsors of terrorism. The U.S., UN- and EU- sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or strengthened over time.

On January 16, 2016, "Implementation Day" for the Iran Joint Comprehensive Plan of Action (JCPOA), the United States lifted its secondary sanctions against Iran which prohibited certain conduct by non-U.S. companies and individuals that occurred entirely outside of U.S. jurisdiction involving specified industry sectors in Iran, including the energy, petrochemical, automotive, financial, banking, mining, shipbuilding and shipping sectors. By lifting the secondary sanctions against Iran, the U.S. government effectively removed U.S. imposed restraints on dealings by non-U.S. companies, such as our Company, and individuals with these formerly targeted Iranian business sectors. Non-U.S. companies continued to be prohibited under U.S. sanctions from (i) knowingly engaging in conduct that seeks to evade U.S. restrictions on transactions or dealings with Iran or that causes the export of goods or services from the United States to Iran, (ii) exporting, reexporting or transferring to Iran any goods, technology, or services originally exported from the U.S. and / or subject to U.S. export jurisdiction and (iii) conducting transactions with the Iranian or Iran-related individuals and entities that remain or are placed in the future on OFAC's list of Specially Designated Nationals and Blocked Persons (SDN List), notwithstanding the lifting of secondary sanctions.

However, on August 6, 2018, the U.S. re-imposed an initial round of secondary sanctions and as of November 5, 2018, virtually all of the secondary sanctions the U.S. had suspended under the JCPOA have been re-imposed.

The U.S. government's primary Iran sanctions have remained in place throughout recent years and, consequently, U.S. persons continue to be broadly prohibited from engaging in transactions or dealings in or with Iran or its government. In addition, U.S. persons continue to be broadly prohibited from engaging in transactions or dealings with the Government of Iran and Iranian financial institutions, which effectively impacts the transfer of funds to, from, or through the U.S. financial system whether denominated in U.S. dollars or any other currency. The new presidential administration in the United States may result in further amendments that could impact the number of operational tankers in the global fleet with adverse consequences for us.

The U.S. also maintains embargoes on Cuba, North Korea and Syria, and certain regions of Ukraine. Beginning in February 2022, the United States, the European Union and numerous other nations have also been imposing substantial additional sanctions on Russia regarding its invasion of Ukraine.

We can anticipate that some of our charterers may request our vessels to call on ports located in these countries. Although we believe that we are in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future,

particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Such sanctions and embargo laws and regulations may be amended or expanded over time as is the case with the war in Ukraine. Any such violation could result in fines or other penalties and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. Additionally, some investors may decide to divest their interest, or not to invest, in us simply because we do business with companies that do lawful business in sanctioned countries. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations because of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. Current or future counterparties of ours may be or become affiliated with persons or entities that are now or may in the future be the subject of sanctions imposed by the U.S. Government, the European Union, and/or other international bodies. If we determine that such sanctions or embargoes require us to terminate existing or future contracts to which we, or our subsidiaries are a party or if we are found to be in violation of such applicable sanctions or embargoes, we could face monetary fines, we may suffer reputational harm and our results of operations may be adversely affected. Investor perception of the value of our shares may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

**Failure to comply with the U.S. Foreign Corrupt Practices Act and other anti-bribery legislation in other jurisdictions could result in fines, criminal penalties, contract terminations and an adverse effect on our business.**

The vessels of our subsidiaries load and discharge cargoes in several countries throughout the world. In addition, we deal with many charterers and shipbrokers that are based in various countries. Certain of the countries in which these charterers and brokers operate may, in the past, have had a reputation for corruption. Brazilian authorities have charged certain shipbrokers with various offenses in connection with charters entered into between a major state oil entity and various international shipowners. We are subject to the risk that the alleged actions taken by these brokers are determined to constitute a violation of anti-corruption laws applicable to the Company, including the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”). In 2020, in parallel with U.S. Department of Justice and U.S. Securities and Exchange Commission investigations regarding whether the circumstances surrounding these charters, including the actions taken by these shipbrokers, constituted non-compliance with provisions of the FCPA applicable to the Company, we began investigating these matters. We are always committed to doing business in accordance with anti-corruption laws and are cooperating with these agencies.

[Table of Contents](#)

Any violation of the FCPA or other anti-bribery legislation in other jurisdictions could result in substantial fines, sanctions, civil and/or criminal penalties, or curtailment of operations in certain jurisdictions, and might adversely affect our business, results of operations or financial condition. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management.

**Efforts to take advantage of opportunities in pursuit of our growth strategy may result in financial or commercial difficulties.**

A key strategy of management is to continue to renew and grow the fleet by pursuing the acquisition of additional vessels or fleets or companies that are complementary to our existing operations. If we seek to expand through acquisitions, we face numerous challenges, including:

- difficulties in raising the required capital;
- depletion of existing cash resources more quickly than anticipated;
- assumption of potentially unknown material liabilities or contingent liabilities of acquired companies; and
- competition from other potential acquirers, some of which have greater financial resources.

We cannot assure you that we will successfully integrate the operations, personnel, services or vessels that we might acquire in the future, and our failure to do so could adversely affect our profitability.

**We are subject to regulation and liability under environmental, health and safety laws that could require significant expenditures and affect our cash flows and net income.**

Our business and the operation of our subsidiaries' vessels are subject to extensive international, national, and local environmental and health and safety laws and regulations in the jurisdictions in which our vessels operate, as well as in the country or countries of their registration. In addition, major oil companies chartering our vessels impose, from time to time, their own environmental and health and safety requirements. To comply with these requirements and regulations, including the new MARPOL Annex VI sulfur emission requirements instituting a global 0.5% sulfur cap on marine fuels from January 1, 2020 and the IMO ballast water management ("BWM") convention, which requires vessels to install expensive ballast water treatment systems ("BWTS") before the first MARPOL renewal survey conducted after September 8, 2019, for newly constructed vessels after September 8, 2017 to have a BWTS installed by delivery and for all vessels to be certified in accordance with the BWM convention by September 8, 2024, we may be required to incur additional costs to meet new maintenance and inspection requirements, develop contingency plans for potential spills, and obtain insurance coverage.

These and future environmental regulations, which may become stricter, may limit our ability to do business, increase our operating costs and/or force the early retirement of our vessels, all of which could have a material adverse effect on our financial condition and results of operations. Environmental laws and regulations are often revised, and we cannot predict the ultimate cost of complying with them, or the impact they may have on the resale prices or useful lives of our vessels. We believe that regulation of the shipping industry will continue to become more stringent and compliance with such new regulations will be more expensive for us and our competitors.

International, national and local laws imposing liability for oil spills are also becoming increasingly stringent. Some impose joint, several, and in some cases, unlimited liability on owners, operators and charterers regardless of fault. We could be held liable as an owner, operator or charterer under these laws. In addition, under certain circumstances, we could also be held accountable under these laws for the acts or omissions of Tsakos Shipping & Trading S.A. ("Tsakos Shipping"), Tsakos Columbia Shipmanagement Ltd. ("TCM") or Tsakos Energy Management Limited ("Tsakos Energy Management"), companies that provide technical and commercial management services for our subsidiaries' vessels and us, or others in the management or operation of our subsidiaries' vessels. Although we currently maintain, and plan to continue to maintain, for each of our subsidiaries' vessels' pollution liability coverage in the amount of \$1 billion per incident (the maximum amount available), liability for a catastrophic spill could exceed the insurance coverage we have available and result in our having to liquidate assets to pay claims. In addition, we may be required to contribute to funds established by regulatory authorities for the compensation of oil pollution damage or provide financial assurances for oil spill liability to regulatory authorities.

Adverse effects upon the oil and gas industry relating to climate change, including growing public concern about the environmental impact of climate change, may also have an effect on demand for our services. For example, increased regulation of greenhouse gases or other concerns relating to climate change may reduce the demand for oil and natural gas in the future or create greater incentives for use of alternative energy sources. Any long-term material adverse effect on the oil and gas industry could have significant financial and operational adverse impacts on our business that we cannot predict with certainty at this time.

**Maritime disasters and other operational risks may adversely impact our reputation, financial condition, and results of operations.**

The operation of ocean-going vessels has an inherent risk of maritime disaster and/or accident, environmental mishaps, cargo and property losses or damage and business interruptions caused by, among others:

- mechanical failure;
- human error;
- labor strikes;
- adverse weather conditions;
- vessel off hire periods;
- regulatory delays; And
- political action, civil conflicts, terrorism and piracy in countries where vessel operations are conducted, vessels are registered or from which spare parts and provisions are sourced and purchased.

Any of these circumstances could adversely affect our operations, result in loss of revenues or increased costs and adversely affect our profitability and our ability to perform our charters.

**Our subsidiaries' vessels could be arrested at the request of third parties.**

Under general maritime law in many jurisdictions, crew members, tort claimants, vessel mortgagees, suppliers of goods and services and other claimants may lien a vessel for unsatisfied debts, claims or damages. In many jurisdictions a maritime lien holder may enforce its lien by arresting a vessel through court process. In some jurisdictions, under the extended sister ship theory of liability, a claimant may arrest not only the vessel with respect to which the claimant's maritime lien has arisen, but also any associated vessel under common ownership or control. While in some jurisdictions which have adopted this doctrine, liability for damages is limited in scope and would only extend to a company and its ship-owning subsidiaries, we cannot assure you that liability for damages caused by some other vessel determined to be under common ownership or control with our subsidiaries' vessels would not be asserted against us.

**Risks Related To Our Business**

**A decline in the future value of our vessels could affect our ability to comply with various covenants in our credit facilities unless waived or modified by our lenders.**

Our credit facilities, which are secured by mortgages on our subsidiaries' vessels, require us to maintain specified collateral coverage ratios and satisfy financial covenants, including requirements based on the market value of our vessels, such as maximum corporate leverage levels and loan-to-asset collateral coverage requirements. The appraised value of a vessel fluctuates depending on a variety of factors including the age of the vessel, its hull configuration, prevailing charter market conditions, supply and demand balance for vessels and new and pending legislation. The oversupply of tankers and depressed tanker charter market adversely affected tanker values from the middle of 2008 to the middle of 2019, and despite the relatively young age of our subsidiaries' fleet and extensive long-term charter employment on many of the vessels, resulted in a significant decline in the charter-free values of certain of our subsidiaries' vessels. Vessel values recovered from the end of 2013, but again declined during 2016 and 2017 and remained at relatively low levels through 2018 due primarily to global fleet overcapacity and lack of financing for potential buyers to acquire second-hand, charter free vessels. Values recovered in 2019 and continued to improve into early 2020. However, the decline in demand for tankers in mid-2020 due to the effects of the COVID-19 pandemic resulted in a fall in values, which continued throughout 2021 and into 2022. If these values remain at low levels for a prolonged period, or further decline, it may result in an inability to comply with the financial covenants under our credit facilities which relate to our consolidated leverage and loan-to-asset value collateral requirements. If we were unable to obtain waivers in the case of non-compliance with consolidated leverage or other financial covenants, or post additional collateral or prepay principal in the case of loan-to-asset value requirements, our lenders could accelerate our indebtedness. We have paid all our scheduled loan installments and related loan interest consistently without delay or omission.

**Charters at attractive rates may not be available when our current time charters expire.**

During 2021 we derived approximately 53% of our revenues from time charters, as compared to 60% in 2020. As our current period charters on ten of the vessels owned by our subsidiary companies expire in the remainder of 2022, considering the volatile nature of the tanker market and current cyclically low charter rates, it may not be possible to re-charter these vessels on a period basis at attractive rates. If attractive period charter opportunities are not available, we may seek to charter the vessels owned by our subsidiary companies on the spot market, which is subject to significant fluctuations. In the event a vessel owned by one of our subsidiary companies may not find employment at economically viable rates, management may opt to lay up the vessel until such time that rates become attractive again (an action which our subsidiary companies have never undertaken). During the period of any layup, the vessel would continue to incur expenditures such as debt service, insurance, reduced crew wages and maintenance costs.

**We are dependent on the ability and willingness of our charterers to honor their commitments to us for substantially all our revenues and the failure of our counterparties to meet their obligations under our charter agreements could cause us to suffer losses or otherwise adversely affect our business.**

We derive substantially all our revenues from the payment of charter hire by our charterers. As of April 21, 2022, 39 of our 66 subsidiaries' vessels were employed under time charters including time charters with profit sharing provisions above specified minimum rate levels and pooling arrangements. We could lose a charterer or the benefits of a time charter if:

- the charterer fails to make charter payments to us because of its financial inability, liquidation, disagreements with us, defaults on a payment or otherwise;
- the charterer exercises certain specific limited rights to terminate the charter;
- we do not take delivery of a newbuilding vessel we may contract for at the agreed time; or
- the charterer terminates the charter because the vessel fails to meet certain guaranteed speed and fuel consumption requirements and we are unable to rectify the situation or otherwise reach a mutually acceptable settlement; or.
- a serious accident or explosion occurs at a client refinery.

If we lose a time charter, we may be unable to re-deploy the related vessel on terms as favorable to us or at all. We would not receive any revenues from such a vessel while it remained unchartered, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition, insure it and service any indebtedness secured by such vessel.

The ability and willingness of each of the counterparties to perform their obligations under their charters will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the oil and energy industries and of the oil and oil products shipping industry as well as the overall financial condition of the counterparties and prevailing charter rates. There can be no assurance that some of our subsidiaries' customers would not fail to pay charter hire or attempt to renegotiate charter rates and, if the charterers fail to meet their obligations or attempt to renegotiate charter agreements, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as our ability to pay dividends in the future.

If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, as part of a court-led restructuring or otherwise, we could sustain significant reductions in revenue and earnings which could have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as our ability to pay dividends, if any, in the future, and comply with the covenants in our credit facilities.

**If our exposure to the spot market increases, our revenues could suffer and our expenses could increase.**

The spot market for crude oil and petroleum product tankers is highly competitive. As of April 21, 2022, twenty of the vessels owned by our subsidiary companies were employed under spot charters, as we have decided to maintain a higher number of vessels in the spot market until charter rates improve. Due to increased participation in the spot market, we may experience a lower overall utilization of our fleet through waiting time or ballast voyages, leading to a decline in operating revenue. Moreover, to the extent our vessels are employed in the spot market, both our revenue from vessels and our operating costs, specifically our voyage expenses, will be significantly impacted by adverse movements in the cost of bunkers (fuel), including the price of low sulfur fuel certain of our vessels have been required to use since the beginning of . See "—Fuel prices may adversely affect our profits." Unlike time charters in which the charterer bears all the bunker costs, in spot market voyages we bear the bunker charges as part of our voyage costs. As a result, while historical movements in bunker charges are factored into the prospective freight rates for spot market voyages periodically announced by World Scale Association (London) Limited and similar organizations, increases in bunker charges in any given period could have a material adverse effect on our cash flow and results of operations for the period in which the increase occurs. In addition, to the extent we employ our vessels pursuant to contracts of affreightment or under pooling arrangements, the rates that we earn from the charterers under those contracts may be subject to reduction based on market conditions, which could lead to a decline in our operating revenue.

**Because the market value of our vessels may fluctuate significantly, we may incur impairment charges or losses when we sell vessels which may adversely affect our earnings.**

The fair market value of tankers may increase or decrease depending on any of the following:

- general economic and market conditions affecting the tanker industry;
- supply and demand balance for ships within the tanker industry;

- competition from other shipping companies;
- types and sizes of vessels;
- other modes of transportation;
- cost of newbuildings;
- governmental or other regulations;
- prevailing level of charter rates; and
- technological advances.

The global economic downturn that commenced in 2008 and the consequences thereof, resulted in a decrease in vessel values. Since then valuations have fluctuated, falling whenever there was excess fleet capacity and falling freight rates, as in 2013, and recovering when tanker market conditions improved as in 2015. Valuations declined again in 2016 and remained low through 2017 and 2018, but recovered in 2019, before falling again in the second half of 2020 along with charter rates, which weakness continued through the first quarter of 2022. Although our subsidiaries currently own a relatively modern fleet, with an average age of 10.4 years as of April 21, 2022, as vessels grow older, they generally decline in value.

We have a policy of considering the disposal of tankers periodically. If our subsidiaries' tankers are sold at a time when tanker prices have fallen, the sale may be at less than the vessel's carrying value on our financial statements, with the result that we will incur a loss.

In addition, accounting standards require that we periodically review long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment charge for an asset held for use should be recognized when the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount. Measurement of the impairment charge is based on the fair value of the asset as provided by third parties. Such reviews may from time-to-time result in asset write-downs, which could adversely affect our results of operations, such as we did in 2019, 2020 and 2021, with respect to seven, zero and seven of our subsidiaries' tankers, respectively.

**If TCM is unable to attract and retain skilled crew members, our reputation and ability to operate safely and efficiently may be harmed.**

Our continued success depends in significant part on the continued services of the officers and seamen whom TCM provides to crew the vessels owned by our subsidiary companies. The market for qualified, experienced officers and seamen is extremely competitive and has grown more so in recent periods due to the growth in world economies and other employment opportunities. Although TCM has manning management arrangements with a number of accredited manning agencies in Philippines, Ukraine, Romania, Georgia, Latvia, Brasil, Greece and Russia and sponsors various academies in the relevant regions, we cannot assure you that TCM will be successful in its efforts to recruit and retain properly skilled personnel at commercially reasonable salaries. Any failure to do so could adversely affect our ability to operate cost-effectively and our ability to increase the size of the fleet.

**Labor interruptions could disrupt our operations.**

Substantially all of the seafarers and land-based employees of TCM are covered by industry-wide collective bargaining agreements that set basic standards. We cannot assure you that these agreements will prevent labor interruptions. In addition, like many other vessels internationally, some of our subsidiaries' vessels operate under so-called "flags of convenience" and may be vulnerable to unionization efforts by the International Transport Federation and other similar seafarer organizations which could be disruptive to our operations. Any labor interruption or unionization effort which is disruptive to our operations could harm our financial performance.

**Contracts for newbuilding vessels present certain economic and other risks.**

As of April 21, 2022, our subsidiaries have contracts for the construction of one DP2 suezmax shuttle tanker for delivery in 2022 and four dual fuel LNG powered aframax tankers for delivery in 2023. Our subsidiaries may also order additional newbuilding vessels. During the construction of a vessel, we are required to make progress payments. While we typically have refund guarantees from banks to cover defaults by the shipyards and our construction contracts would be saleable in the event of our payment default, we can still incur economic losses if we or the shipyards are unable to perform our respective obligations. Shipyards may periodically experience financial difficulties. We have arranged senior secured debt financing for the remaining installment payments for the DP2 suezmax shuttle tanker of these newbuildings and we are in the process of seeking to arrange debt financing for the other four dual fuel LNG powered aframax vessels, each of which have time charter employment arranged commencing upon their delivery.

Delays in the delivery of these vessels, or any newbuilding or secondhand vessels our subsidiaries may agree to acquire, could delay our receipt of revenues generated by these vessels and, to the extent we have arranged charter employment for these vessels, could possibly result in the cancellation of those charters, and therefore adversely affect our anticipated results of operations. The delivery of newbuilding vessels could be delayed because of, among other things: work stoppages or other labor disturbances; bankruptcy or other financial crisis of the shipyard building the vessel; hostilities or political or economic disturbances in the countries where the vessels are being built, including any escalation of tensions involving North Korea; weather interference or catastrophic events, such as a major earthquake, tsunami or fire; our requests for changes to the original vessel specifications; requests from our customers, with whom our commercial managers arrange charters for such vessels, to delay construction and delivery of such vessels due to weak economic conditions and shipping demand or a dispute with the shipyard building the vessel.

**Credit conditions internationally might impact our ability to raise debt financing.**

Global financial markets and economic conditions have been disrupted and volatile for periods in recent years. At times, the credit markets as well as the debt and equity capital markets were distressed, and it was difficult for many shipping companies to obtain adequate financing. The cost of available financing also increased significantly, but for leading shipping companies has since declined. The global financial markets and economic conditions could again experience volatility and disruption in the future.

We have traditionally financed our vessel acquisitions or constructions with our own cash (equity), including from share issuances, and bank debt from various reputable national and international commercial banks. In relation to newbuilding contracts, the equity portion usually covers part of the pre-delivery obligations while the debt portion covers the outstanding amount due to the shipyard on delivery. More recently, however, we have arranged pre-delivery bank financing to cover much of the installments due before delivery, and, therefore, we would be required to provide the remainder of our equity investment at delivery. In addition, several of our existing loans will mature over the next few years, including one in 2022. If the related vessels are not sold, or we do not wish to use existing cash for paying the final balloon payments, then re-financing of the loans for an extended period beyond the maturity date will be necessary. Current and future terms and conditions of available debt financing, especially for older vessels without time charter could be different from terms obtained in the past and could result in a higher cost of capital, if available at all. Any adverse development in the credit markets could materially alter our current and future financial and corporate planning and growth and have a negative impact on our balance sheet.

**The future performance of our subsidiaries' LNG carriers depends on continued growth in LNG production and demand for LNG and LNG shipping.**

The future performance of our subsidiaries' LNG carriers will depend on continued growth in LNG production and the demand for LNG and LNG shipping. A complete LNG project includes production, liquefaction, storage, re-gasification, and distribution facilities, in addition to the marine transportation of LNG. Increased infrastructure investment has led to an expansion of LNG production capacity in recent years, but material delays in the construction of new liquefaction facilities could constrain the amount of LNG available for shipping, reducing ship utilization. The rate of growth in global LNG demand has fluctuated due to several factors, including global economic conditions and economic uncertainty, fluctuations in the price of natural gas and other sources of energy, growth in natural gas production from unconventional sources in regions such as North America and the highly complex and capital-intensive nature of new or expanded LNG projects, including liquefaction projects. Growth in LNG production and demand for LNG and LNG shipping could be negatively affected by several factors, including:

- increases in the cost of natural gas derived from LNG relative to the cost of natural gas generally;
- increases in the production levels of low-cost natural gas in domestic natural gas consuming markets, which could further depress prices for natural gas in those markets and render LNG uneconomical;

- increases in the production of natural gas in areas linked by pipelines to consuming areas, the extension of existing, or the development of new pipeline systems in markets we may serve, or the conversion of existing non-natural gas pipelines to natural gas pipelines in those markets;
- decreases in the consumption of natural gas due to increases in its price, decreases in the price of alternative energy sources or other factors making consumption of natural gas less attractive;
- any significant explosion, spill or other incident involving an LNG facility or carrier;
- infrastructure constraints such as delays in the construction of liquefaction facilities, the inability of project owners or operators to obtain financing or governmental approvals to construct or operate LNG facilities, as well as community or political action group resistance to new LNG infrastructure due to concerns about the environment, safety and terrorism;
- labor or political unrest or military conflicts affecting existing or proposed areas of LNG production or re-gasification;
- decreases in the price of LNG, which might decrease the expected returns relating to investments in LNG projects;
- technological advances render existing LNG carriers obsolete or non-viable; or
- negative global or regional economic or political conditions, particularly in LNG consuming regions, which could reduce energy consumption or its growth.

Reduced demand for LNG or LNG shipping, or any reduction or limitation in LNG production capacity, could have a material adverse effect on our ability to secure future multi-year time charters for the LNG carriers, or for any new LNG carriers our subsidiaries may acquire, which could harm our business, financial condition, results of operations and cash flows, including cash available for dividends to our shareholders.

**Demand for LNG shipping could be significantly affected by volatile natural gas prices and the overall demand for natural gas.**

Natural gas prices are volatile and are affected by numerous factors beyond our control, including but not limited to the following:

- the supply and cost of crude oil and petroleum products;
- worldwide demand for natural gas;
- the cost of exploration, development, production, transportation and distribution of natural gas;
- expectations regarding future energy prices for both natural gas and other sources of energy;
- the level of worldwide LNG production and exports;
- government laws and regulations, including but not limited to environmental protection laws and regulations;
- local and international political, economic and weather conditions;
- political and military conflicts; and
- the availability and cost of alternative energy sources, including alternate sources of natural gas in gas importing and consuming countries.

Any decline in oil prices, which can be very volatile, can depress natural gas prices and lead to a narrowing of the gap in pricing in different geographic regions, which can adversely affect the length of voyages in the spot LNG shipping market and the spot rates and medium-term charter rates for charters which commence in the near future. Any renewed decline in oil prices could adversely affect both the competitiveness of gas as a fuel for power generation and the market price of gas, to the extent that gas prices are benchmarked to the price of crude oil. Some production companies have announced delays or cancellations of certain previously announced LNG projects, which, unless offset by new projects coming on stream, could adversely affect demand for LNG charters over the next few years, while the amount of tonnage available for charter is expected to increase. A decline in the price of oil, which until recently had been at relatively low levels for an extended period of time, could make LNG a less attractive alternative for some uses and generally lead to reduced production of LNG. Reduced demand for LNG and LNG shipping could have an adverse effect on our future growth and would harm our business, results of operations and financial condition.

**An oversupply of LNG carriers may lead to a reduction in the charter hire rates we are able to obtain when seeking charters in the future.**

Driven in part by an increase in LNG production capacity and the expectation of further future capacity, the construction and delivery of new LNG carriers has been increasing. Any future expansion of the global LNG carrier fleet that cannot be absorbed by existing or future LNG projects may have a negative impact on charter rates, vessel utilization and vessel values. Such impact could be amplified if the expansion of LNG production capacity does not keep pace with fleet growth.

**Hire rates for LNG carriers may fluctuate substantially and if rates are low when we are seeking a new charter, our revenues and cash flows may decline.**

Until recently increasing, in part due to the anticipated impact of sanctions and other actions related to the Russian invasion of Ukraine on natural gas trading patterns, LNG carrier charter rates had generally been at relatively low levels for a number of years, having been negatively impacted by declines in the price of LNG, delays in the completion of liquefaction and regasification facilities around the world and a high order book. In addition, in recent years, as a result of more LNG being traded on a short-term basis and greater liquidity in the LNG shipping market, there has been a decrease in the duration of term charters for on-the-water vessels with such charters now generally being anywhere between six months and three years in duration. If LNG charter market conditions decline, we may have difficulty in securing new charters at attractive rates and durations for our LNG carriers when their current charters expire.

**Our growth in shuttle tankers depends partly on continued growth in demand for offshore oil transportation, processing and storage services.**

Our growth strategy includes expansion in the shuttle tanker sector. Growth in this sector depends on continued growth in world and regional demand for these offshore services, which could be negatively affected by a number of factors, such as:

- decreases in the actual or projected price of oil, which could lead to a reduction in or termination of production of oil at certain offshore fields our shuttle tankers will service or a reduction in exploration for or development of new offshore oil fields;
- increases in the production of oil in areas linked by pipelines to consuming areas, the extension of existing, or the development of new, pipeline systems in markets we may serve, or the conversion of existing non-oil pipelines to oil pipelines in those markets;
- decreases in the consumption of oil due to increases in its price relative to other energy sources, other factors making consumption of oil less attractive or energy conservation measures;
- availability of new, alternative energy sources;
- negative global or regional economic or political conditions, particularly in oil consuming regions, which could reduce energy consumption or its growth; and
- fall in the price of oil leading to cutbacks in the offshore industry.

Oil prices declined substantially in the second half of 2014, which resulted in oil companies announcing reductions in oil production and exploration activities, including in offshore fields, and have since been volatile, most recently increasing in late 2021 and, in part due to the conflict in Ukraine, early 2022, after being at relatively low levels prior to that time. Oil prices may again decline, including due to reduced demand resulting from the consequences of the COVID-19 outbreak or any economic downturn resulting from the conflict in Ukraine which has initially increased oil prices. Continued volatility in oil prices may exist depending on the policies of oil production countries and cartels, as well as international economic conditions and global geopolitics.

**Fuel prices may adversely affect our profits.**

While we do not bear the cost of fuel (bunkers) under time and bareboat charters, fuel is the largest expense in our shipping operations when vessels are under spot charters. Increases in the price of fuel may, as a result, adversely affect our profitability. The marine fuel with low sulfur content required to comply with the 0.5% sulfur cap on marine fuels became effective on January 1, 2020, for vessels without scrubbers. Initially, low sulfur fuel was substantially more expensive compared to the existing widely used marine fuel, and after narrowing for a period of time, this price differential has again increased recently. If this price differential continues, it could increase our fuel costs for vessels employed in the spot market. In addition, the price of fuel is an important factor in negotiating charters with customers, and rising costs of fuel could make older and less fuel efficient vessels less competitive compared to the more fuel efficient newer vessels or compared with vessels which can utilize less expensive fuel. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments.

**The shipping industry has inherent operational risks that may not be adequately covered by our insurance.**

We believe that we maintain as much insurance on the vessels in the fleet, through insurance companies, including Argosy, a related party company, and P&I clubs, as is appropriate and consistent with industry practice. While we endeavor to be adequately insured against all known risks related to the operation of our subsidiaries' vessels, there remains the possibility that a liability may not be adequately covered and we may not be able to obtain adequate insurance coverage for the fleet in the future. Certain insurers may also not pay particular claims. Even if our insurance coverage is adequate, we may not be able to obtain a replacement vessel in a timely manner in the event of a loss. Our insurance policies contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenue. In addition, some of our insurance coverage is maintained through mutual protection and indemnity associations, and as a member of such associations we may be required to make additional payments over and above budgeted premiums if member claims make an excessive impact on association reserves. The Company's P&I renewals as of February 20, 2022 saw an increase in costs of 14.66%, partly due to the International Group of P&I Clubs' need to increase their income after several years of premium reductions and partly due to the claim on the Group reinsurance contract resulting from the collision between the tanker "Sola TS" and the Norwegian frigate "HELGE INGSTAD" in November 2018. The International Group of P&I Clubs continues to provide its members with \$1 billion of oil pollution liability coverage and more than \$4 billion of coverage for other liabilities. P&I, Hull and Machinery and War Risk insurance premiums are accounted for as part of operating expenses in our consolidated financial statements; accordingly, any changes in insurance premiums directly impact our operating results.

**Failure to protect our information systems against security breaches could adversely affect our business and financial results. Additionally, if these systems fail or become unavailable for any significant period, our business could be harmed.**

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry-accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent cybersecurity breaches, the access, capture or alteration of information by criminals, the exposure or exploitation of potential security vulnerabilities, the installation of malware or ransomware, acts of vandalism, computer viruses, misplaced data or data loss. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt our business and could result in decreased performance and increased operating costs, causing our business and results of operations to suffer. Any significant interruption or failure of our information systems or any significant breach of security could adversely affect our business and financial results, as well as our cash flows available for distribution to our shareholders.

**Our degree of leverage and certain restrictions in our financing agreements impose constraints on us.**

We incur substantial debt to finance the acquisition of our vessels. At December 31, 2021, our debt to capital ratio was 51.7% (debt / debt plus equity), with \$1.4 billion in debt outstanding. We are required to apply a substantial portion of our cash flow from operations to the payment of principal and interest on this debt. In 2021, a substantial portion of our cash flow derived from operations was dedicated to debt service, voluntary early debt prepayments and balloon payments to be refinanced. This limits the funds available for working capital, capital expenditures, dividends and other purposes. Our degree of leverage could have important consequences for us, including the following:

- a substantial decrease in our net operating cash flows or an increase in our expenses could make it difficult for us to meet our debt service requirements and force us to modify our operations;
- we may be more highly leveraged than our competitors, which may make it more difficult for us to expand our fleet; and
- any significant amount of leverage exposes us to increased interest rate risk and makes us vulnerable to a downturn in our business or the economy in general.

In addition, our financing arrangements, which we secured by mortgages on our vessels, impose operating and financial restrictions on us that restrict our ability to:

- incur additional indebtedness;
- create liens;
- sell the capital of our subsidiaries or other assets;
- make investments;
- engage in mergers and acquisitions;
- make capital expenditures;
- repurchase or redeem common or preferred shares; and
- pay cash dividends.

We have a holding company structure which depends on dividends from our subsidiaries and interest income to pay our overhead expenses and otherwise fund expenditures. As a result, restrictions contained in our financing arrangements and those of our subsidiaries, including preferred shares issued by our subsidiary that owns four of the tankers in our fleet upon exchange of our Series G Convertible Preferred Shares, on the payment of dividends may restrict our ability to fund our various activities.

**We are exposed to volatility in LIBOR and selectively enter into derivative contracts, which can result in higher than market interest rates and charges against our income.**

Over the past 15 years we have selectively entered derivative contracts both for investment purposes and to hedge our overall interest expense and, more recently, our bunker expenses. Our board of directors monitors the status of our derivatives to assess whether such derivatives are within reasonable limits and reasonable in light of our particular investment strategy at the time we entered into the derivative contracts.

Loans advanced under our secured credit facilities are, generally, advanced at a floating rate based on the London interbank offered rate (“LIBOR”), which has increased significantly in early 2022 after a long period of stability at historically low levels, and has been volatile in past years, which can affect the amount of interest payable on our debt, and which, in turn, could have an adverse effect on our earnings and cash flow. LIBOR rates were at historically low levels for an extended period of time and may continue to increase from current levels. Our financial condition could be materially adversely affected at any time that we have not entered into interest rate hedging arrangements to hedge our interest rate exposure and the interest rates applicable to our credit facilities and any other financing arrangements we may enter into in the future, including those we enter into to finance a portion of the amounts payable with respect to newbuildings, increase. Moreover, even if we have entered into interest rate swaps or other derivative instruments for purposes of managing our interest rate or bunker cost exposure, our hedging strategies may not be effective, and we may incur substantial loss.

We have a risk management policy and the Audit Committee oversees all our derivative transactions. It is our policy to monitor our exposure to business risk, and to

manage the impact of changes in interest rates, foreign exchange rate movements and bunker prices on earnings and cash flows through derivatives. Derivative contracts are executed when management believes that the action is not likely to significantly increase overall risk. Entering swaps and derivatives transactions is inherently risky and presents various possibilities for incurring significant expenses. The derivatives strategies that we employ in the future may not be successful or effective, and we could, as a result, incur substantial additional interest costs. See “Item 11. Quantitative and Qualitative Disclosures About Market Risk” for a description of our current interest rate swap arrangements.

**Uncertainty relating to the LIBOR calculation process and potential phasing out of LIBOR after 2023 may adversely affect the amounts payable under our credit facilities and our preferred shares.**

The United Kingdom Financial Conduct Authority (“FCA”), which regulates LIBOR, has announced that it will phase-out three-month and six-month LIBOR by June 30, 2023. It is unclear whether an extension will be granted or new methods of calculating LIBOR will be established such that it continues to exist after June 30, 2023, or if alternative rates or benchmarks will be adopted. Various alternative reference rates are being considered in the financial community. The Secured Overnight Financing Rate (“SOFR”) has been proposed by the Alternative Reference Rate Committee, a committee convened by the U.S. Federal Reserve that includes major market participants and on which regulators participate, as an alternative rate to replace U.S. dollar LIBOR. SOFR is a broad measure of the cost of borrowing cash in the overnight U.S. treasury repo market. At this time, we expect that SOFR will be the alternative reference rate that the Company’s LIBOR-based agreements will transition to as the 2023 LIBOR sunset date draws closer; however, it is impossible to predict whether SOFR or another reference rate will become an accepted alternative to LIBOR. The changes may adversely affect the trading market for LIBOR based agreements, including our credit facilities, interest rate swaps and preferred shares. We will need to negotiate the replacement benchmark rate on our credit facilities and interest rate swaps, and the use of an alternative rate or benchmark may negatively impact our interest rate expense. Any other contracts entered into in the ordinary course of business which currently refer to, use or include LIBOR may also be impacted.

Our credit facilities bear interest costs at a floating rate based on LIBOR. Uncertainties surrounding changes to the basis of which LIBOR is calculated or the phase-out of LIBOR, which may cause a sudden and prolonged increase or decrease in LIBOR, could adversely affect our operating results and financial condition, as well as our cash flows, including cash available for dividends to our shareholders. While we use interest rate swaps to reduce our exposure to interest rate risk and to hedge a portion of our outstanding indebtedness, there is no assurance that our derivative contracts will provide adequate protection against adverse changes in interest rates or that our bank counter parties will be able to perform their obligations.

If a three-month LIBOR rate is not available, the terms of our various credit facilities, and to the extent applicable, our preferred shares will require alternative determination procedures which may result in an interest and/or a dividend rate differing from expectations and could materially affect the value of such instruments, and our ability to comply with covenants in our credit facilities.

**Changing laws and evolving reporting requirements could have an adverse effect on our business.**

Changing laws, regulations and standards relating to reporting requirements may create additional compliance requirements for us. The European Union Code of Conduct Group has assessed the tax policies of a range of countries including Bermuda, where we are incorporated. Bermuda was included in a list of jurisdictions which are required to address the European Union Code of Conduct Group's concerns in respect of ‘economic substance’. Bermuda, along with the British Virgin Islands, the Cayman Islands, Guernsey, Bailiwick of Jersey and the Isle of Man, has committed to comply with the European Union Code of Conduct Group's requirements on economic substance and has passed legislation in the form of the Economic Substance Act 2018 (the “ESA”). The ESA applies to every registered entity in Bermuda that engages in a relevant activity and requires that every such entity shall maintain a substantial economic presence in Bermuda. The Company believes in its compliance with these requirements, including with respect to the filing of any requisite declarations.

Certain of our subsidiaries may from time to time be organized in other jurisdictions identified by the COCG based on global standards set by the Organization for Economic Co-operation and Development with the objective of preventing low-tax jurisdictions from attracting profits from certain activities. If we fail to comply with our obligations under the ESA or any similar law applicable to us in any other jurisdiction, we could be subject to financial penalties and spontaneous disclosure of information to foreign tax officials in related jurisdictions. Any of these actions could have a material adverse effect on our business, financial condition and results of operations.

**Because some of our subsidiaries' vessels' expenses are incurred in foreign currencies, we are exposed to exchange rate risks.**

The charterers of the vessels owned by our subsidiary companies pay in U.S. dollars. While most of the expenses incurred by our managers or by us on our subsidiaries' behalf are paid in U.S. dollars, certain of these expenses are in other currencies, most notably the Euro. In 2021, Euro expenses accounted for approximately 32% of our total operating expenses, including dry dockings. Declines in the value of the U.S. dollar relative to the Euro, or the other currencies in which we incur expenses, would increase the U.S. dollar cost of paying these expenses and thus would adversely affect our results of operations.

**We depend on our key personnel.**

Our future success depends particularly on the continued service of Nikolas Tsakos, our president and chief executive officer and the sole shareholder of Tsakos Energy Management. The loss of Mr. Tsakos's services or the services of any of our key personnel could have a material adverse effect on our business. We do not maintain key man life insurance on any of our executive officers.

**The Tsakos Holdings Foundation and the Tsakos family can exert considerable control over us, which may limit your ability to influence our actions.**

As of April 21, 2022, companies controlled by the Tsakos Holdings Foundation or affiliated with the Tsakos Group own approximately 26.0% of our outstanding common shares. The Tsakos Holdings Foundation is a Liechtenstein foundation whose beneficiaries include persons and entities affiliated with the Tsakos family, charitable institutions and other unaffiliated persons and entities. The council which controls the Tsakos Holdings Foundation consists of five members, two of whom are members of the Tsakos family. As long as the Tsakos Holdings Foundation and the Tsakos family beneficially own a significant percentage of our common shares, each will have the power to influence the election of the members of our board of directors and the vote on substantially all other matters, including significant corporate actions.

**Risks Related to our Management Arrangements**

**We depend on Tsakos Energy Management, Tsakos Shipping and TCM to manage our business.**

We do not have the employee infrastructure to manage our operations and have no physical assets. In common with industry practice, our subsidiaries own the vessels in the fleet and any contracts to construct newbuildings. We have engaged Tsakos Energy Management to perform all our executive and management functions. Tsakos Energy Management employees directly provide us with financial, accounting, and other back-office services, including acting as our liaison with the New York Stock Exchange and the Bermuda Monetary Authority. Tsakos Energy Management, in turn, oversees and subcontracts part of commercial management (including treasury, chartering and vessel purchase and sale functions) to Tsakos Shipping, and day-to-day fleet technical management, such as vessel operations, repairs, supplies and crewing, to TCM. As a result, we depend upon the continued services provided by Tsakos Energy Management and Tsakos Energy Management depends on the continued services provided by Tsakos Shipping and TCM.

We derive significant benefits from our relationship with Tsakos Energy Management and its affiliated companies, including purchasing discounts to which we otherwise would not have access. We would be materially adversely affected if any of Tsakos Energy Management, Tsakos Shipping or TCM becomes unable or unwilling to continue providing services for our benefit at the level of quality they have provided such services in the past and at comparable costs as they have charged in the past. If we were required to employ a ship management company other than Tsakos Energy Management, Tsakos Shipping or TCM, we cannot offer any assurances that the terms of such management agreements would be on terms as favorable to the Company in the long term.

**Tsakos Energy Management, Tsakos Shipping and TCM are privately held companies and there is little or no publicly available information about them.**

The ability of Tsakos Energy Management, Tsakos Shipping and TCM to continue providing services for our and our subsidiaries' benefit will depend in part on their own financial strength. Circumstances beyond our control could impair their financial strength and because each of these companies is privately held, it is unlikely that information about their financial strength would become public. Any such problems affecting these organizations could have a material adverse effect on us.

**Tsakos Energy Management has the right to terminate its management agreement with us and Tsakos Shipping and TCM have the right to terminate their respective contracts with Tsakos Energy Management.**

Tsakos Energy Management may terminate its management agreement with us at any time upon one year's notice. In addition, if even one director were to be elected to our board without having been recommended by our existing board, Tsakos Energy Management would have the right to terminate the management agreement on 10 days' notice. If Tsakos Energy Management terminates the agreement for this reason, we would be obligated to pay Tsakos Energy Management the present discounted value of all payments that would have otherwise become due under the management agreement until June 30 in the tenth year following the date of the termination plus the average of the incentive awards previously paid to Tsakos Energy Management multiplied by 10. A termination as of December 31, 2021 would have resulted in a payment of approximately \$156.6 million. Tsakos Energy Management's contracts with Tsakos Shipping and with TCM may be terminated by either party upon six months' notice or would terminate automatically upon termination of our management agreement with Tsakos Energy Management.

**Our ability to pursue legal remedies against Tsakos Energy Management, Tsakos Shipping and TCM is very limited.**

In the event Tsakos Energy Management breaches its management agreement with us, we or our subsidiaries could bring a lawsuit against it. However, because neither we nor they are ourselves party to a contract with Tsakos Shipping or TCM, it may be difficult to sue Tsakos Shipping and TCM for breach of their obligations under their contracts with Tsakos Energy Management, and Tsakos Energy Management may have no incentive to sue Tsakos Shipping and TCM. Tsakos Energy Management is a company with no substantial assets and no income other than the income it derives under the management agreement with us. Therefore, it is unlikely that we or our subsidiaries would be able to obtain any meaningful recovery if we or they were to sue Tsakos Energy Management, Tsakos Shipping or TCM on contractual grounds.

**Tsakos Shipping provides chartering services to other tankers and TCM manages other tankers and could experience conflicts of interests in performing obligations owed to us and the operators of other tankers.**

In addition to the vessels that it manages for our fleet, TCM technically manages a fleet of privately owned vessels and is available on occasion to provide similar management services to third-party clients. These vessels are operated by the same group of TCM employees that manage our vessels, and we are advised that its employees manage these vessels on an "ownership neutral" basis; that is, without regard to who owns them. It is not impossible that Tsakos Shipping, which provides chartering services for nearly all vessels technically managed by TCM, might allocate charter or spot opportunities to other TCM managed vessels when our subsidiaries' vessels are unemployed. It is also possible that TCM could in the future agree to manage more tankers that might directly compete with the fleet.

**Clients of Tsakos Shipping have acquired and may acquire additional vessels that may compete with our fleet.**

Tsakos Shipping and we have an arrangement whereby it affords us a right of first refusal on any opportunity to purchase a tanker which is 10 years of age or younger or contract to construct a tanker that is referred to or developed by Tsakos Shipping. Were we to decline any opportunity offered to us, or if we do not have the resources or desire to accept it, other clients of Tsakos Shipping might decide to accept the opportunity. In this context, Tsakos Shipping clients have in the past acquired modern tankers and have ordered the construction of vessels. They may acquire or order tankers in the future, which, if we decline to buy from them, could be entered into charters in competition with our vessels. These charters and future charters of tankers by Tsakos Shipping could result in conflicts of interest between their own interests and their obligations to us.

**Our chief executive officer has affiliations with Tsakos Energy Management, Tsakos Shipping and TCM which could create conflicts of interest.**

Nikolas Tsakos is the president, chief executive officer and a director of our company and the director and sole shareholder of Tsakos Energy Management. Nikolas Tsakos is also the son of the founder of Tsakos Shipping. These responsibilities and relationships could create conflicts of interest that could result in losing revenue or business opportunities or increase our expenses.

**Our commercial arrangements with Tsakos Energy Management and Argosy may not always remain on a competitive basis.**

We pay Tsakos Energy Management a management fee for its services pursuant to our management agreement. We also place our hull and machinery insurance, increased value insurance and loss of hire insurance through Argosy Insurance Company, Guernsey, a captive insurance company affiliated with Tsakos interests. We believe that the management fees that we pay Tsakos Energy Management compare favorably with management compensation and related costs reported by other publicly traded shipping companies and that our arrangements with Argosy are structured at market rates. Our board reviews publicly available data periodically in order to confirm this. However, we cannot assure you that the fees charged to us are or will continue to be as favorable to us as those we could negotiate with third parties and our board could determine to continue transacting business with Tsakos Energy Management and Argosy even if less expensive alternatives were available from third parties.

## **We depend upon Hyundai Ocean Services to manage our subsidiaries' LNG carriers.**

Tsakos Energy Management has subcontracted all technical management of our LNG operations to Hyundai Ocean Services Co., Ltd (“HOS”) for a fee. Neither Tsakos Energy Management nor TCM has the dedicated personnel for running LNG operations nor can we guarantee that they will employ an adequate number of employees to conduct LNG operations in the future. As such, we are currently dependent on the reliability and effectiveness of third-party managers for whom we cannot guarantee that their employees, both onshore and at-sea are sufficient in number or capability for their assigned role. We also cannot assure you that we will be able to continue to receive such services from HOS on a long-term basis on acceptable terms or at all.

## **Risks Related To Our Common and Preferred Shares**

### **Future sales of our common shares could cause the market price of our common shares to decline.**

Sales of a substantial number of our common shares in the public market, or the perception that these sales could occur, may depress the market price for our common shares. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future. We may issue additional common shares in the future, including upon conversion of our outstanding Series G Convertible Preferred Shares, which, as of April 21, 2022, are convertible into an aggregate of 306,191 of our common shares, and our shareholders may elect to sell large numbers of shares held by them from time to time.

### **The market price of our common shares and preferred shares may be unpredictable and volatile.**

The market price of our common shares and Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares may fluctuate due to factors such as actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry, mergers and strategic alliances in the tanker industry, market conditions in the tanker industry, changes in government regulation, shortfalls in our operating results from levels forecast by securities analysts, announcements concerning us or our competitors, our sales of our common shares or of additional preferred shares, changes in prevailing interest rates and the general state of the securities market. The tanker industry has been highly unpredictable and volatile. The market for common stock and preferred stock in this industry may be equally volatile. Therefore, we cannot assure you that you will be able to sell any of our common shares and preferred shares you may have purchased, or will purchase in the future, at a price greater than or equal to the original purchase price.

If the market price of our common shares again falls below \$5.00 per share, under stock exchange rules, our shareholders will not be able to use such shares as collateral for borrowing in margin accounts. This inability to use common shares as collateral may depress demand and certain institutional investors are restricted from investing in or holding shares priced below \$5.00, which could lead to sales of such shares creating further downward pressure on and increased volatility in the market price of our common shares.

### **We may not be able to pay cash dividends on our common shares or preferred shares as intended if market conditions change.**

During 2021, we paid dividends on our common shares totaling \$0.10 per common share, or \$2.0 million. In addition, during 2021, the Company paid dividends on preferred shares totaling \$34.3 million. Subject to the limitations discussed below, we currently intend to continue to pay cash dividends on our common shares and preferred shares. However, there can be no assurance that we will pay dividends or as to the amount of any dividend. The payment and the amount will be subject to the discretion of our board of directors and will depend, among other things, on restrictions contained in the Companies Act of 1981 of Bermuda, as amended, on our available cash balances, anticipated cash needs, our results of operations, our financial condition, and any loan agreement restrictions binding us or our subsidiaries, including a prohibition of dividend distribution should there be an event of default in existence relating to any loan, as well as other relevant factors. In addition, dividends on our common shares are subject to the priority of our dividend obligations relating to our Series D, Series E and Series F Preferred Shares and Series G Convertible Preferred Shares. We may have insufficient cash to pay dividends on or redeem our preferred shares or pay dividends on our common shares. Depending on our operating performance for a particular year, this could result in no dividend at all despite the existence of net income, or a dividend that represents a lower percentage of our net income.

Because we are a holding company with no material assets other than the stock of our subsidiaries, our ability to pay dividends will depend on the earnings and cash flow of our subsidiaries and their ability to pay us dividends. In addition, the financing arrangements for indebtedness we incur in connection with our newbuilding program may further restrict our ability to pay dividends. In the event of any insolvency, bankruptcy or similar proceedings of a subsidiary, creditors of, and holders of preferred shares issued by, such subsidiary would generally be entitled to priority over us with respect to assets of the affected subsidiary. Investors in our common shares and preferred shares may be adversely affected if we are unable to or do not pay dividends as intended.

**Market interest rates may adversely affect the value of our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares.**

One of the factors that influences the price of our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares is the dividend yield on these preferred shares (as a percentage of the price thereof) relative to market interest rates. An increase in market interest rates, which are currently at low levels relative to historical rates and have recently been increasing, may lead to lower prices for our shares when valued using their dividend yields. Higher interest rates would likely increase our borrowing costs and potentially decrease funds available for dividends. Accordingly, higher interest rates could cause the market prices of our preferred shares to decrease.

**Our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares represent perpetual equity interests and holders of such shares will have no right to receive any greater payment than the liquidation preference regardless of the circumstances.**

The preferred shares represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the preferred shares may be required to bear the financial risks of an investment in the preferred shares for an indefinite period of time.

The payment due to a holder of our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares upon a liquidation is fixed at the redemption preference of \$25.00 per share plus accumulated and unpaid dividends to the date of liquidation. If, in the case of our liquidation, there are remaining assets to be distributed after payment of this amount, you will have no right to receive or to participate in these amounts. Furthermore, if the market price for your preferred stock is greater than the liquidation preference, you will have no right to receive the market price from us upon our liquidation.

**Holders of our Preferred Shares have extremely limited voting rights.**

The voting rights of holders of our preferred shares are extremely limited. Our common shares are the only class or series of our shares carrying full voting rights. The voting rights of holders of our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares are limited to the ability, subject to certain exceptions, to elect, voting together as a class with all other classes or series of parity securities upon which like voting rights have been conferred and are exercisable, one director if dividends for six quarterly dividend periods (whether or not consecutive) payable thereon are in arrears and certain other limited protective voting rights described in “Item 10. Additional Information—Description of Share Capital—Preferred Shares.”

**Provisions in our Bye-laws and our management agreement with Tsakos Energy Management would make it difficult for a third party to acquire us, even if such a transaction is beneficial to our shareholders.**

Our Bye-laws provide for a staggered board of directors, blank check preferred stock, super majority voting requirements and other anti-takeover provisions, including restrictions on business combinations with interested persons and limitations on the voting rights of shareholders who acquire more than 15% of our common shares. In addition, Tsakos Energy Management would have the right to terminate our management agreement and seek liquidated damages if a board member were elected without having been approved by the current board. These provisions could deter a third party from tendering for the purchase of some or all our shares. These provisions may have the effect of delaying or preventing changes of control of the ownership and management of our company.

**Because we are a foreign corporation, you may not have the same rights as a shareholder in a U.S. corporation.**

We are a Bermuda company. Our Memorandum of Association and Bye-laws and the Companies Act govern our affairs. While many provisions of the Companies Act resemble provisions of the corporation laws of several states in the United States, Bermuda law may not as clearly establish your rights and the fiduciary responsibilities of our directors as do statutes and judicial precedent in some U.S. jurisdictions. In addition, apart from two non-executive directors, our directors and officers are not resident in the United States and all or substantially all of our assets are located outside of the United States. As a result, investors may have more difficulty in protecting their interests and enforcing judgments in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction.

In addition, you should not assume that courts in the country in which we are incorporated or where our assets are located would enforce judgments of U.S. courts obtained in actions against us based upon the civil liability provisions of applicable U.S. federal and state securities laws or would enforce, in original actions, liabilities against us based on those laws.

**We are a “foreign private issuer” under NYSE rules, and as such we are entitled to exemption from certain NYSE corporate governance standards, and you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.**

We are a “foreign private issuer” under the securities laws of the United States and the rules of the NYSE. Under the securities laws of the United States, “foreign private issuers” are subject to different disclosure requirements than U.S. domiciled registrants, as well as different financial reporting requirements. Under the NYSE rules, a “foreign private issuer” is subject to less stringent corporate governance requirements. Subject to certain exceptions, the rules of the NYSE permit a “foreign private issuer” to follow its home country practice in lieu of the listing requirements of the NYSE, including (i) the requirement that a majority of the board of directors consist of independent directors, (ii) the requirement that the nominating/corporate governance committees be composed entirely of independent directors and have a written charter addressing the committee’s purpose and responsibilities, (iii) the requirement that the compensation committee be composed entirely of independent directors and have a written charter addressing the committee’s purpose and responsibilities, and (iv) the requirement of an annual performance evaluation of the nominating/corporate governance and compensation committees.

Nonetheless, a majority of our directors are independent, all of the members of our compensation, nominating and corporate governance committee are independent directors, and all of our board committees have written charters addressing their respective purposes and responsibilities. We currently have an audit committee composed solely of two independent committee members, whereas a domestic U.S. public company would be required to have three such independent members.

### **Tax Risks**

In addition to the following risk factors, you should read “Item 10. Additional Information—Tax Considerations” for a more complete discussion of the material Bermuda and U.S. Federal income tax considerations relating to us and the ownership and disposition of our common shares and preferred shares.

#### **If we were to be subject to corporate income tax in jurisdictions in which we operate, our financial results would be adversely affected.**

Under current Bermuda law, there is no income, corporate or profits tax or withholding tax, capital gains tax or capital transfer tax, estate or inheritance tax payable by us or our shareholders, other than shareholders ordinarily resident in Bermuda, if any. We have received from the Minister of Finance under The Exempted Undertaking Tax Protection Act 1966, as amended of Bermuda, an assurance that, in the event that Bermuda enacts legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance, then the imposition of any such tax shall not be applicable to us or to any of our operations or shares, debentures or other obligations, until March 23, 2035. We believe that we should not be subject to tax under the laws of various countries, other than the United States, in which our subsidiaries’ vessels conduct activities or in which our subsidiaries’ customers are located. However, our belief is based on our understanding of the tax laws of those countries, and our tax position is subject to review and possible challenge by taxing authorities and to possible changes in law or interpretation. We cannot determine in advance the extent to which certain jurisdictions may require us to pay corporate income tax or to make payments in lieu of such tax. In addition, payments due to us from our subsidiaries’ customers may be subject to tax claims. As a result of the continuing economic recovery in Greece, our operations in Greece may be subjected to new regulations that may require us to incur new or additional compliance or other administrative costs, which may include requirements that we pay to the Greek government new taxes or other fees. In addition, China has enacted a new tax for non-resident international transportation enterprises engaged in the provision of services of passengers or cargo, among other items, in and out of China using their own, chartered or leased vessels, including any stevedore, warehousing and other services connected with the transportation. The new regulation broadens the range of international transportation companies which may find themselves liable for Chinese enterprise income tax on profits generated from international transportation services passing through Chinese ports.

If we or our subsidiaries are not entitled to exemption under Section 883 of the United States Internal Revenue Code of 1986, as amended, for any taxable year, we or our subsidiaries could be subject for those years up to a 4% United States federal income tax on our gross U.S.-source shipping revenue, without allowance for deductions, under Section 887 of the Internal Revenue Code. The imposition of such tax could have a negative effect on our business and would result in decreased earnings and cash flows available for distribution to our shareholders.

See “Item 10. Additional Information—Tax Considerations—United States federal income tax considerations” for additional information about the requirements of this exemption.

#### **If we were treated as a passive foreign investment company, a U.S. investor in our shares would be subject to disadvantageous rules under the U.S. tax laws.**

If we were treated as a passive foreign investment company (a “PFIC”) in any year, our U.S. shareholders would be subject to unfavorable U.S. federal income tax treatment. We do not believe that we were a PFIC in 2021 or that we will be a PFIC with respect to the current or any future year. However, PFIC classification is a factual determination made annually and we could become a PFIC if the portion of our income derived from bareboat charters or other passive sources were to increase substantially or if the portion of our assets that produce or are held for the production of passive income were to increase substantially. Moreover, the IRS may disagree with our position that time and voyage charters do not give rise to passive income for purposes of the PFIC rules. Accordingly, we can provide no assurance that we will not be treated as a PFIC for 2021 or for any future year. Please see “Item 10. Additional Information— Tax Considerations—United States federal income tax considerations—Passive Foreign Investment Company Considerations” herein for a description of the PFIC rules.

Distributions on shares of non-U.S. companies that are treated as dividends for U.S. federal income tax purposes and are received by individuals generally will be eligible for taxation at capital gain rates if the shares with respect to which the dividends are paid are readily tradable on an established securities market in the United States. This treatment will not be available to dividends we pay, however, if we qualify as a PFIC for the taxable year of the dividend or the preceding taxable year, or to the extent that (i) the shareholder does not satisfy a holding period requirement that generally requires that the shareholder hold the shares on which the dividend is paid for more than 60 days during the 121-day period that begins 60 days before the date on which the shares become ex-dividend with respect to such dividend, (ii) the shareholder is under an obligation to make related payments with respect to substantially similar or related property or (iii) such dividend is taken into account as investment income under Section 163(d)(4)(B) of the Internal Revenue Code. We do not believe that we qualified as a PFIC for our last taxable year and, as described above, we do not expect to qualify as a PFIC for our current or future taxable years.

#### Item 4. Information on the Company

Tsakos Energy Navigation Limited is a leading provider of international seaborne crude oil and petroleum product transportation services. In 2007, it also started to transport liquefied natural gas. It was incorporated in 1993 as an exempted company under the laws of Bermuda under the name Maritime Investment Fund Limited and in 1996 was renamed MIF Limited. Our common shares were listed in 1993 on the Oslo Stock Exchange (OSE) and the Bermuda Stock Exchange, although we de-listed from the OSE in March 2005 due to limited trading. The Company's shares are no longer actively traded on the Bermuda exchange. In July 2001, the Company's name was changed to Tsakos Energy Navigation Limited to enhance our brand recognition in the tanker industry, particularly among charterers. In March 2002, we completed an initial public offering of our common shares in the United States and our common shares began trading on the New York Stock Exchange under the ticker symbol "TNP." Since incorporation, the Company has owned and operated 101 vessels and has sold 43 vessels (of which eight had been chartered back and three of these eventually repurchased at the end of their charters; all three have since been sold again).

Our principal offices are located at 367 Syngrou Avenue, 175 64 P. Faliro, Athens, Greece. Our telephone number at this address is +30 210 9407710. Our website address is <http://www.tenn.gr>.

For additional information on the Company, see "Item 5. Operating and Financial Review and Prospects."

#### Business Overview

As of April 21, 2022, we operated a fleet of 60 modern crude oil and petroleum product tankers (including seven vessels chartered-in) that provide world-wide marine transportation services for national, major and other independent oil companies and refiners under long, medium and short-term charters. Our fleet also includes three LNG carriers (including one chartered-in vessel) and three suezmax shuttle tankers with advanced dynamic positioning technology (DP2), bringing our total operating fleet to 66 vessels representing approximately 7.3 million dwt.

We believe that we have established a reputation as a safe, high-quality, cost-efficient operator of modern and well-maintained tankers. We also believe that these attributes, together with our strategy of proactively working towards meeting our customers' chartering needs, has contributed to our ability to attract world-class energy producers as customers and to our success in obtaining charter renewals generating strong fleet utilization.

Our fleet is managed by Tsakos Energy Management, a company owned by our chief executive officer. Tsakos Energy Management provides us with strategic advisory, financial, accounting, and administrative services, while subcontracting the commercial management of our business to Tsakos Shipping. In its capacity as commercial manager, Tsakos Shipping provides various services for our vessels, including charterer relations, obtaining insurance and vessel sale and purchase, supervising newbuilding construction and vessel financing. Tsakos Energy Management subcontracts the technical and operational management of our fleet to Tsakos Columbia Management ("TCM"). TCM was formed in February 2010 by Tsakos family interests and a German private company, the owner of the ship management company Columbia Shipmanagement Ltd., or CSM, as a joint-venture ship management company on an equal partnership basis to provide technical and operational management services to owners of vessels, primarily within the Greek-based market. TCM, which formally commenced operations on July 1, 2010, now manages the technical and operational activities of all of our operating vessels apart from the LNG carriers *Neo Energy*, *Maria Energy*, *Tenergy*, the VLCCs *Ulysses* and *Hercules I*, the suezmax tanker *Eurochampion 2004*, the handymax tankers *Afrodite* and *Ariadne* and the aframax tankers *Maria Princess*, *Sapporo Princess* and *Ise Princess* which are technically managed by non-affiliated ship managers. TCM is based in Athens, Greece. TCM and CSM cooperate in the purchase of certain supplies and services on a combined basis. By leveraging the purchasing power of CSM, which currently provides full technical management services for 311 vessels and crewing services for an additional 65 vessels, we believe TCM is able to procure services and supplies at lower prices than Tsakos Shipping could alone, thereby reducing overall operating expenses for us. In its capacity as technical manager, TCM manages our day-to-day vessel operations, including provision of supplies, maintenance and repair, and crewing. Members of the Tsakos family are involved in the decision-making processes of Tsakos Energy Management, Tsakos Shipping and TCM.

[Table of Contents](#)

As of April 21, 2022, our operational fleet consisted of the following 66 vessels:

Number of Vessels	Vessel Type
2	VLCC
14	Suezmax
19	Aframax
3	Aframax LR2
10	Panamax LR1
6	Handymax MR2
6	Handysize MR1
3	LNG carrier
3	Shuttle DP2
<b>Total 66</b>	

Twenty-five of the operating vessels are of ice-class specification. This fleet diversity, which includes several sister ships, provides us with the capability to be one of the more versatile operators in the market. The current operating fleet totals 7.3 million dwt, all of which are double-hulled. As of April 21, 2022, the average age of the tankers in our current operating fleet was 10.4 years, compared with the industry average of 11.9 years.

We believe the following factors distinguish us from other public tanker companies:

- **Modern, high-quality, fleet.** We own a fleet of modern, versatile, high-quality tankers that are designed for enhanced safety and low operating costs. Since inception, we have committed to investments of approximately \$5.5 billion, including investments of approximately \$4.6 billion in newbuilding constructions, in order to maintain and improve the quality of our fleet. We believe that increasingly stringent environmental regulations and heightened concerns about liability for oil pollution have contributed to a significant demand for our vessels by leading oil companies, oil traders and major government oil entities. TCM, the technical manager of our fleet, has ISO 14001 environmental certification and ISO 9001 quality certification, ISO 45001 occupational health & safety certification and ISO 50001 energy management system certification, based in part upon audits conducted on our vessels and on technical manager's management system.

- **Diversified fleet.** Our diversified fleet, which includes VLCC, suezmax, aframax, panamax, handysize, and handymax tankers, LNG carriers and DP2 shuttle tankers, allows us to better serve our customers' international petroleum product and crude oil and LNG transportation needs. Twenty-five of our tankers are ice-class, so may access ice-bound ports depending on accumulation of brash ice. We entered the LNG market with the delivery of our first LNG carrier in 2007 and took delivery of a second LNG carrier in 2016 and the third LNG carrier in 2022. We entered the shuttle tanker market with two DP2 suezmax shuttle tankers *Rio 2016* and *Brasil 2014* delivered in March and April 2013, respectively, each of which immediately entered a 15-year time charter with Petrobras. A third DP2 suezmax shuttle tanker, *Lisboa*, was delivered on May 4, 2017 for charter to a European state-owned oil major. A fourth DP2 suezmax shuttle tanker is under construction for charter to the same European state-owned oil major.
- **Stability throughout industry cycles.** Historically, we have employed a high percentage of our fleet on long and medium-term employment with fixed rates or minimum rates plus profit sharing agreements. We believe this approach has resulted in high utilization rates for our vessels, reflecting our industrial shipping model. At the same time, we maintain flexibility in our chartering policy to allow us to take advantage of favorable rate trends through spot market employment and contract of affreightment charters with periodic adjustments. Over the last five years, our overall average fleet utilization rate was 95.2%.
- **High-Quality, sophisticated clientele.** For 50 years, Tsakos entities have maintained relationships with and achieved acceptance by national, and other independent oil companies and refiners. Several of the world's major oil companies and traders, including Equinor (formerly Statoil), BP, Koch, Flopec Petrolera Ecuatoriana ("Flopec"), Hyundai Merchant Marine, Petrobras, Chevron, Shell and Vitol are among the regular customers of Tsakos Energy Navigation.
- **Developing LNG and offshore shuttle tanker platform.** We believe we are well positioned to capitalize on demand for LNG sea transport as well as offshore shuttle tanker transport because of our extensive relationships with existing customers, strong safety track record, superior technical management capabilities and financial flexibility. We already operate three LNG carriers and three DP2 suezmax shuttle tankers, with a further DP2 suezmax shuttle tanker under construction, in these high-end markets.
- **Significant leverage from our relationship with Tsakos Shipping and TCM.** We believe the expertise, scale and scope of TCM, which spreads costs over a vessel base much larger than our fleet, are key components in maintaining low operating costs, efficiency, quality and safety. We leverage Tsakos Shipping's reputation and longstanding relationships with leading charterers to foster charter renewals.

As of April 21, 2022, our fleet consisted of the following 66 vessels:

Vessel	Year Built	Deadweight Tons	Year Acquired	Charter Type <sup>(1)</sup>	Expiration of Charter	Hull Type <sup>(2)</sup> (all double hull)	Cargoes
<b>VLCC</b>							
1. <i>Hercules</i> <sup>(6)</sup>	2017	300,000	2017	time charter	November 2024		Crude
2. <i>Ulysses</i>	2016	300,000	2016	time charter	November 2024		Crude
<b>SUEZMAX</b>							
1. <i>Apollo Voyager</i>	2020	157,877	2020	bareboat charter	September 2025 <sup>(7)</sup>		Crude
2. <i>Artemis Voyager</i>	2020	157,877	2020	bareboat charter	November 2025 <sup>(7)</sup>		Crude
3. <i>Eurovision</i>	2013	157,803	2014	spot	—		Crude
4. <i>Euro</i>	2012	157,539	2014	spot	—		Crude
5. <i>Decathlon</i>	2012	158,475	2016	spot	—		Crude
6. <i>Spyros K</i> <sup>(4)</sup>	2011	157,648	2011	time charter	May 2022		Crude
7. <i>Dimitris P</i> <sup>(4)</sup>	2011	157,740	2011	time charter	August 2023		Crude
8. <i>Pentathlon</i>	2009	158,475	2015	spot	—		Crude
9. <i>Arctic</i> <sup>(10)</sup>	2007	163,216	2007	time charter	August 2022	ice-class 1A	Crude
10. <i>Antarctic</i> <sup>(10)</sup>	2007	163,216	2007	spot	—	ice-class 1A	Crude
11. <i>Archangel</i> <sup>(10)</sup>	2006	163,216	2006	spot	—	ice-class 1A	Crude
12. <i>Alaska</i> <sup>(10)</sup>	2006	163,250	2006	spot	—	ice-class 1A	Crude
13. <i>Eurochampion 2004</i> <sup>(10)</sup>	2005	164,608	2005	spot	—	ice-class 1C	Crude
14. <i>Euronike</i> <sup>(10)</sup>	2005	164,565	2005	spot	—	ice-class 1C	Crude
<b>SUEZMAX DP2 SHUTTLE</b>							
1. <i>Lisboa</i> <sup>(6)</sup>	2017	157,000	2017	time charter	May 2025		Crude/Products
2. <i>Rio 2016</i>	2013	155,708	2013	time charter	May 2028		Crude/Products
3. <i>Brasil 2014</i>	2013	155,721	2013	time charter	June 2028		Crude/Products

**AFRAMAX**

1. <i>Caribbean Voyager</i>	2020	115,000	2020	bareboat charter	January 2025 <sup>(7)</sup>		Crude
2. <i>Mediterranean Voyager</i>	2019	115,000	2019	bareboat charter	October 2024 <sup>(7)</sup>		Crude
3. <i>Bergen TS</i>	2017	112,108	2017	time charter	October 2022 <sup>(7)</sup>	ice-class 1B	Crude
4. <i>Stavanger TS</i>	2017	113,004	2017	time charter	July 2022 <sup>(7)</sup>	ice-class 1B	Crude
5. <i>Oslo TS</i>	2017	112,949	2017	time charter	May 2022 <sup>(7)</sup>	ice-class 1B	Crude
6. <i>Marathon TS</i>	2017	113,651	2017	time charter	February 2024 <sup>(7)</sup>	ice-class 1B	Crude
7. <i>Sola TS</i>	2017	112,939	2017	time charter	April 2022 <sup>(7)</sup>		Crude
8. <i>Elias Tsakos</i>	2016	113,737	2016	time charter	June 2023 <sup>(8)</sup>		Crude
9. <i>Thomas Zafiras</i>	2016	113,691	2016	time charter	August 2023 <sup>(8)</sup>		Crude
10. <i>Leontios H</i>	2016	113,611	2016	time charter	October 2023 <sup>(8)</sup>		Crude
11. <i>Parthenon TS</i>	2016	113,554	2016	time charter	November 2023 <sup>(8)</sup>		Crude
12. <i>SapporoPrincess</i>	2010	105,354	2010	spot	—	DNA	Crude
13. <i>Uruga Princess</i>	2010	105,344	2010	time charter	June 2022	DNA	Crude
14. <i>Ise Princess</i>	2009	105,361	2009	spot	—	DNA	Crude
15. <i>Asahi Princess</i>	2009	105,372	2009	time charter	November 2024	DNA	Crude
16. <i>Maria Princess</i>	2008	105,346	2008	spot	—	DNA	Crude
17. <i>Nippon Princess</i>	2008	105,392	2008	CoA	—	DNA	Crude
18. <i>Izumo Princess</i>	2007	105,374	2007	spot	—	DNA	Crude
19. <i>Sakura Princess</i> <sup>(10)</sup>	2007	105,365	2007	spot	—	DNA	Crude
20. <i>Proteas</i> <sup>(11)</sup>	2006	117,055	2006	spot	—	ice-class 1A	Crude/Products
21. <i>Promitheas</i>	2006	117,055	2006	time charter	July 2022 <sup>(3)</sup> —	ice-class 1A	Crude/Products
22. <i>Propontis</i>	2006	117,055	2006	time-charter	May 2022 <sup>(3)</sup>	ice-class 1A	Crude

**PANAMAX**

1. <i>Sunray</i> <sup>(3)</sup>	2016	74,039	2016	time charter	February 2023 <sup>(9)</sup>		Crude/Products
2. <i>Sunrise</i> <sup>(3)</sup>	2016	74,043	2016	time charter	March 2023 <sup>(9)</sup>		Crude/Products
3. <i>World Harmony</i> <sup>(4)</sup>	2009	74,200	2010	time charter	March 2023		Crude/Products
4. <i>Chantal</i> <sup>(4)</sup>	2009	74,329	2010	time charter	May 2023		Crude/Products
5. <i>Selini</i> <sup>(4)(5)</sup>	2009	74,296	2010	time charter	January 2024		Crude/Products
6. <i>Salamina</i> <sup>(4)(5)</sup>	2009	74,251	2010	time charter	February 2024		Crude/Products
7. <i>Selecao</i> <sup>(4)</sup>	2008	74,296	2008	time charter	February 2023		Crude/Products
8. <i>Socrates</i> <sup>(4)</sup>	2008	74,327	2008	time charter	March 2023		Crude/Products
9. <i>Andes</i>	2003	68,439	2003	spot	—		Crude/Products
10. <i>Inca</i> <sup>(5)</sup>	2003	68,439	2003	spot	—		Crude/Products

**HANDYMAX**

1. <i>Artemis</i>	2005	53,039	2006	pool	—	ice-class 1A	Products
2. <i>Afrodite</i>	2005	53,082	2006	pool	—	ice-class 1A	Products
3. <i>Ariadne</i>	2005	53,021	2006	pool	—	ice-class 1A	Products
4. <i>Aris</i>	2005	53,107	2006	pool	—	ice-class 1A	Products
5. <i>Apollon</i>	2005	53,149	2006	pool	—	ice-class 1A	Products
6. <i>Ajax</i>	2005	53,095	2006	pool	—	ice-class 1A	Products

**HANDYSIZE**

1. <i>Andromeda</i>	2007	37,061	2007	spot	—	ice-class 1A	Products
2. <i>Aegeas</i>	2007	37,061	2007	spot	—	ice-class 1A	Products
3. <i>Byzantion</i> <sup>(5)</sup>	2007	37,275	2007	time charter	April 2024	ice-class 1B	Products
4. <i>Bosporos</i> <sup>(5)</sup>	2007	37,275	2007	time charter	April 2024	ice-class 1B	Products
5. <i>Arion</i>	2006	37,061	2006	spot	—	ice-class 1A	Products
6. <i>Amphitrite</i>	2006	37,061	2006	time charter	May 2022	ice-class 1A	Products

**LNG**

1. <i>Tenergy</i> <sup>(10)</sup>	2022	93,649	2022	time charter	January 2027	Membrane (174,000 cbm)	LNG
2. <i>Maria Energy</i> <sup>(6)</sup>	2016	93,301	2016	time charter	May 2023	Membrane (161,870 cbm)	LNG
3. <i>Neo Energy</i>	2007	85,602	2007	time charter	March 2023	Membrane (150,000 cbm)	LNG

**Total Vessels**

<b>66</b>	<b>7,301,749</b>
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- (1) Certain of the vessels are operating in the spot market under contracts of affreightment (“CoA”).
- (2) Ice-class classifications are based on ship resistance in brash ice channels with a minimum speed of 5 knots for the following conditions ice-1A: 1m brash ice, ice-1B: 0.8m brash ice, ice-1C: 0.6m brash ice. DNA- design new aframax with shorter length overall allowing greater flexibility in the Caribbean and the United States.
- (3) The charter rate for these vessels is based on a fixed minimum rate for the Company plus different levels of profit sharing above the minimum rate, determined and settled on a calendar month basis.
- (4) These vessels are chartered under fixed and variable hire rates. The variable portion of hire is recognized to the extent the amount becomes fixed and determinable at the reporting date. Determination is every six months.
- (5) 49% of the holding company of these vessels is held by a third party.
- (6) The charterer of each of these vessels has options to extend the term of the charter for up to three additional years.
- (7) The charterer of each of these vessels has options to extend the term of the charter for up to seven additional years.
- (8) The charterer of each of these vessels has the option to extend the term of the charter for up to five additional years.
- (9) The charterer of each of these vessels has the option to extend the term of the charter for up to two additional years.
- (10) Vessels are chartered-in on a bare-boat basis by a subsidiary company. Vessel’s *Eurochampion 2004* and *Euronike* until December 21, 2022, *Archangel, Alaska* and *Sakura Princess* until 2025 and *Arctic* and *Antarctic* until 2026 and *Tenergy* until 2027.
- (11) On April 12, 2022, the Company concluded the disposal of the vessel “Proteas” to an unaffiliated third party.

Our newbuildings under construction, as of April 21, 2022, consisted of the following:

Vessel Type	Expected Delivery	Shipyard	Deadweight Tons	Purchase Price <sup>(1)</sup> (in millions of U.S. dollars)
<b>DP2 Shuttle Suezmax</b>				
1. Porto	Q2 2022	Daehan Shipbuilding Co	155,000	93.21
<b>Aframax</b>				
1. HN 5081	Q3 2023	Daehan Shipbuilding Co	115,000	74.68
2. HN 5082	Q4 2023	Daehan Shipbuilding Co	115,000	74.68
3. HN 5083	Q4 2023	Daehan Shipbuilding Co	115,000	74.68
4. HN 5084	Q4 2023	Daehan Shipbuilding Co	115,000	74.68
<b>Total</b>			<b>615,000</b>	<b>391.93</b>

(1) Including any extra costs agreed as of April 21, 2022

We have arranged charters starting from the delivery of our DP2 suezmax tanker newbuilding for period of five to eleven years, including charterer options for extension and from the deliveries of our four new dual fuel LNG powered aframaxes for a period of five to ten years, including charterer options for extension with minimum days. The newbuildings have a double hull design compliant with all classification requirements and prevailing environmental laws and regulations. Tsakos Shipping works closely with the shipyards in the design of the newbuildings and TCM provides supervisory personnel present during the construction.

### Fleet Deployment

Depending on management's view of the state of the current spot market and future prospects for the market, we aim to optimize the financial performance of our fleet by deploying at least half of our fleet on either time charters or period employment with variable rates, as we take proactive steps to meet any potential negative impact of the expanding world fleet on freight rates. As at April 21, 2022, the percentage of the fleet that is in employment at fixed rates (including time charters with a profit share component) was 61%, which is higher compared to prior periods. If the prospects for the spot market appear to management to generate sustainable positive returns, management may decide to deploy immediately to the spot market vessels coming off time-charter. We believe that our fleet deployment strategy and flexibility provide us with the ability to benefit from increases in tanker rates while at the same time maintaining a measure of stability through cycles in the industry. The following table details the respective employment basis of our fleet during 2021, 2020 and 2019 as a percentage of operating days.

Employment Basis	Year Ended December 31,		
	2021	2020	2019
Time Charter—fixed rate	41%	40%	43%
Time Charter—variable rate and pool	19%	25%	29%
Period Employment at variable rates	2%	1%	4%
Spot Voyage	39%	34%	24%
Total Net Earnings Days	22,090	22,394	22,542

Tankers operating on time charters may be chartered for several months or years whereas tankers operating in the spot market typically are chartered for a single voyage that may last up to several weeks. Vessels on period employment at variable rates related to the market are operating under contract of affreightment for a specific charterer. Tankers operating in the spot market may generate increased profit margins during improvements in tanker rates, while tankers operating on time charters generally provide more predictable cash flows. Accordingly, we actively monitor macroeconomic trends and governmental rules and regulations that may affect tanker rates in order to optimize the deployment of our fleet. Our fleet has 20 tankers currently operating on spot voyages.

We have also secured charters from the delivery of our newbuildings, the DP2 suezmax shuttle tanker and our four dual fuel LNG powered aframax tankers for periods from five to ten years, including charterer options for extension.

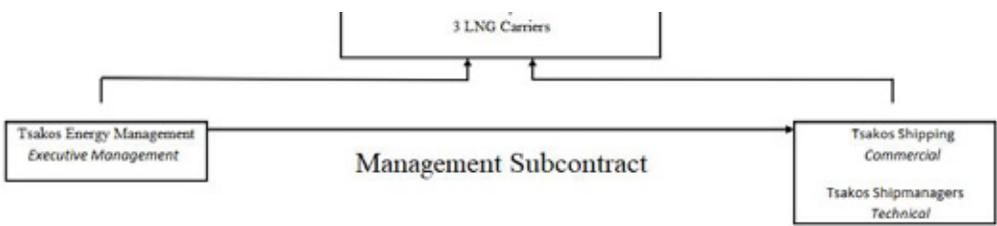
### Operations and Ship Management

#### Our operations

Management policies regarding our fleet that are formulated by our Board of Directors are executed by Tsakos Energy Management under a management contract. Tsakos Energy Management's duties, which are performed exclusively for our benefit, include overseeing the purchase, sale and chartering of vessels, supervising day-to-day technical management of our vessels and providing strategic, financial, accounting and other services, including investor relations. Our tanker fleet's technical management, including crewing, maintenance and repair, and voyage operations, have been subcontracted by Tsakos Energy Management to TCM. Tsakos Energy Management also engages Tsakos Shipping to arrange chartering of our vessels, provide sales and purchase brokerage services, procure vessel insurance, and arrange bank financing. The technical management of nine vessels was sub-contracted to third-party ship managers during 2021.

The following chart illustrates the management of our fleet as of April 21, 2022:

Tsakos Energy Navigation
2 VLCC
14 Suezmax
3 Shuttle DP2
22 Aframax
10 Panamax
6 Handymax MR
6 Handysize



Technical management of the LNG carriers *Neo Energy* and *Maria Energy*, the VLCCs *Hercules I* and *Ulysses*, the suezmax *Eurochampion 2004*, the aframax *Maria Princess*, *Sapporo Princess* and *Ise Princess* and the handymaxes *Afrodite* and *Ariadne*, is subcontracted to unaffiliated third-party ship managers.

## Management Contract

### Executive and Commercial Management

Pursuant to our management agreement with Tsakos Energy Management, our subsidiaries' operations are executed and supervised by Tsakos Energy Management, based on the strategy devised by our Board of Directors and subject to the approval of our Board of Directors as described below. In accordance with the management agreement, we pay Tsakos Energy Management monthly management fees for its management of our subsidiaries' vessels.

The monthly fee may be adjusted annually in accordance with the terms of the agreement with Tsakos Energy Management, if both parties agree. The fees relating to the conventional oil tankers payable to Tsakos Energy Management have not been adjusted since 2012. In 2021, 2020 and 2019, the monthly fees for operating conventional vessels were \$27.5 thousand apart from the suezmax *Eurochampion 2004*, the aframax *Maria Princess* and *Sapporo Princess*, the VLCCs *Ulysses* and *Hercules I*, which are managed by a third-party manager. Monthly fees for third-party managed vessels amounted to \$28 thousand for 2021, \$27.7 thousand for 2020 and \$27.5 thousand for 2019. Chartered in vessels or chartered out on a bare-boat basis and for vessels under construction monthly fees are \$20.4 thousand, \$35.0 thousand for the DP2 shuttle tankers, while the monthly fees for LNG carriers amounted to \$37.8 thousand for 2021, \$37.3 thousand for 2020 and \$36.9 thousand for 2019. From the above fees, fees are also paid to third-party managers for the LNG carriers, *Maria Energy* and *Neo Energy*, the suezmax *Eurochampion 2004*, the aframax *Maria Princess* and *Sapporo Princess*, the handymaxes *Afrodite* and *Ariadne* and the VLCCs *Ulysses* and *Hercules I*.

The management fee starts to accrue for a vessel at the point a newbuilding contract is executed. To help ensure that these fees are competitive with industry standards, our management has periodically made presentations to our Board of Directors in which the fees paid to Tsakos Energy Management are compared against the publicly available financial information of other listed tanker companies. We paid Tsakos Energy Management aggregate management fees of \$20.2 million in 2021, \$20.3 million in 2020 and \$20.1 million in 2019. From these amounts, Tsakos Energy Management paid a technical management fee to Tsakos Columbia Shipmanagement. For additional information about the management agreement, including the calculation of management fees, see "Item 7. Major Shareholders and Related Party Transactions" and our consolidated financial statements which are included as Item 18 to this Annual Report.

**Chartering.** Our board of directors formulates with management our overall chartering strategy for our subsidiaries' vessels and Tsakos Shipping, under the supervision of Tsakos Energy Management, implements the strategy by:

- evaluating the short, medium, and long-term opportunities available for each type of vessel;
- balancing short, medium, and long-term charters to achieve optimal results for our fleet; and
- positioning such vessels so that, when possible, re-delivery occurs at times when Tsakos Shipping expects advantageous charter rates to be available for future employment.

Tsakos Shipping utilizes the services of various charter brokers to solicit, research, and propose charters for our vessels. The charter brokers' role involves researching and negotiating with different charterers and proposing charters to Tsakos Shipping for cargoes to be shipped in our subsidiaries' vessels. Tsakos Shipping negotiates the exact terms and conditions of charters, such as delivery and re-delivery dates and arranges cargo and country exclusions, bunkers, loading and discharging conditions and demurrage. Tsakos Energy Management is required to obtain our approval for charters in excess of six months and is required to obtain the written consent of the administrative agents for the lenders under our secured credit facilities for charters in excess of thirteen months. There are frequently two or more brokers involved in fixing a vessel on a charter. Brokerage fees typically amount to 2.5% of the value of the freight revenue or time charter hire derived from the charters. A chartering commission of 1.25% is paid to Tsakos Shipping for every charter involving the vessels in the fleet. The total amount paid for these chartering and acquisition brokerage commissions was \$6.8 million in 2021, \$8.1 million in 2020 and \$7.4 million in 2019. In addition, Tsakos Shipping may charge a brokerage commission on the sale of a vessel. In 2021, the panamax tanker *Maya* was sold and for this service Tsakos Shipping charged a brokerage commission of \$0.1 million, representing 1.0% of the sale price. In 2020, the suezmax tanker *Silia T.* and the handysize tanker *Didimon* were sold and for this service Tsakos Shipping charged a brokerage commission of \$0.2 million in total, representing 1.0% of the sale price of each vessel. In 2019 there were no such sale and purchase charges. Tsakos Shipping may also charge a fee of \$200 thousand (or such other sum as may be agreed) on delivery of each newbuilding vessel in payment for the cost of design and supervision of the newbuilding by Tsakos Shipping. In 2020, \$1.0 million in aggregate was charged for supervision fees on four vessels which were delivered in the fourth quarter of 2019 and throughout 2020. No such fee was paid in 2021 and 2019.

Tsakos Shipping supervises the post fixture business of our vessels, including:

- monitoring the daily geographic position of such vessels in order to ensure that the terms and conditions of the charters are fulfilled by us and our charterers;
- collection of monies payable to us; and
- resolution of disputes through arbitration and legal proceedings.

In addition, Tsakos Shipping appoints superintendents to supervise the construction of newbuildings and the loading and discharging of cargoes when necessary. Tsakos Shipping also participates in the monitoring of vessels' operations that are under TCM management and TCM's performance under the management contract.

*General Administration.* Tsakos Energy Management provides us with general administrative, office and support services necessary for our operations and the fleet, including technical and clerical personnel, communication, accounting, and data processing services.

*Sale and Purchase of Vessels.* Tsakos Energy Management advises our Board of Directors when opportunities arise to purchase, including through newbuildings, or to sell any vessels. All decisions to purchase or sell vessels require the approval of our Board of Directors.

Any purchases or sales of vessels approved by our Board of Directors are arranged and completed by Tsakos Energy Management. This involves the appointment of superintendents to inspect and take delivery of vessels and to monitor compliance with the terms and conditions of the purchase or newbuilding contracts.

In the case of a purchase of a vessel, each broker involved will receive commissions from the seller generally at the industry standard rate of one percent of the purchase price, but subject to negotiation. In the case of a sale of a vessel, each broker involved will receive a commission generally at the industry standard rate of one percent of the sale price, but subject to negotiation. In accordance with the management agreement, Tsakos Energy Management is entitled to charge for sale and purchase brokerage commission, but to date has not done so.

### **Technical Management**

Pursuant to a technical management agreement, Tsakos Energy Management employs TCM to manage the day-to-day aspects of tanker operations, including maintenance and repair, provisioning, and crewing of the vessels in the fleet. We benefit from the economies of scale of having our subsidiaries' vessels managed as part of the TCM managed fleet. On occasion, TCM subcontracts the technical management and manning responsibilities of our subsidiaries' vessels to third parties. The executive and commercial management of our subsidiaries' vessels, however, is not subcontracted to third parties. TCM, which is privately held, is one of the largest independent tanker managers with a total of 59 operating vessels under management at April 21, 2022, totaling approximately 5.3 million dwt. TCM employs full-time superintendents, technical experts and marine engineers and has expertise in inspecting second-hand vessels for purchase and sale, and in fleet maintenance and repair. They have approximately 189 employees engaged in ship management and approximately 2,935 seafaring employees, of whom approximately 1,404 are employed at sea and the remainder is on leave at any given time. Their principal office is in Athens, Greece. The vessels managed by TCM on our behalf consists of tankers.

Tsakos Energy Management pays TCM a fee per vessel per month for technical management of operating vessels and vessels under construction. This fee was determined by comparison to the rates charged by other major independent vessel managers. We generally pay all monthly operating requirements of our fleet in advance.

TCM performs the technical management of the vessels under the supervision of Tsakos Energy Management. Tsakos Energy Management approves the appointment of fleet supervisors and oversees the establishment of operating budgets and the review of actual operating expenses against budgeted amounts. Technical management of the LNG carriers *Neo Energy*, *Maria Energy* and *Tenergy*, the VLCCs *Hercules I* and *Ulysses*, the suezmax *Eurochampion 2004* and *Decathlon*, the handymaxes *Afrodite* and *Ariadne* and the aframax *Maria Princess*, *Sapporo Princess* and *Ise Princess*, is subcontracted to unaffiliated third-party ship managers.

*Maintenance and Repair:* Each of the vessels is dry-docked once every five years in connection with special surveys and, after the vessel is fifteen years old, the vessel is dry-docked every two and one-half years after a special survey (referred to as an intermediate survey), or as necessary to ensure the safe and efficient operation of such vessels and their compliance with applicable regulations. TCM arranges dry-dockings and repairs under instructions and supervision from Tsakos Energy Management. We believe that the continuous maintenance program we conduct results in a reduction of the time periods during which our vessels are in dry-dock.

TCM routinely employs on each vessel additional crew members whose primary responsibility is the performance of maintenance while the vessel is in operation. Tsakos Energy Management awards and, directly or through TCM, negotiates contracts with shipyards to conduct such maintenance and repair work. They seek competitive tender bids in order to minimize charges to us, subject to the location of our vessels and any time constraints imposed by a vessel's charter commitments. In addition to dry-dockings, TCM, where necessary, utilizes superintendents to conduct periodic physical inspections of our vessels.

#### **Crewing and Employees**

We do not employ personnel to run our business on a day-to-day basis. We outsource substantially all our executive, commercial and technical management functions.

TCM arranges employment of captains, officers, engineers and other crew who serve on the vessels. TCM ensures that all seamen have the qualifications and licenses required to comply with international regulations and shipping conventions and that experienced and competent personnel are employed for the vessels.

#### **Customers**

Several of the world's major oil companies are among our regular customers. The table below shows the approximate percentage of revenues we earned from some of our customers in 2021.

<b>Customer</b>	<b>Year Ended December 31, 2021</b>
Equinor (ex-Statoil)	13.5 %
Petrobras	10.6 %
Flopec	7.6 %
Chevron	7.0 %
Seariver	6.5 %
Shell	5.2 %
Litasco	4.8 %
Vitol	4.5 %
Sinopec	3.3 %
Trafigura	2.8 %
HMM	2.7 %
CSSA	2.7 %
Uniper	2.4 %
Clearlake	2.4 %
BP Shipping	2.2 %
Unipet	2.2 %
ST Shipping	2.0 %
Koch	1.6 %
Maersk Pool	1.4 %
Mercuria	1.2 %

#### **Regulation**

Our business and the operation of our vessels are significantly affected by government regulation in the form of international conventions and national, state and local laws and regulations in force in the jurisdictions in which our vessels operate, as well as in the country or countries of their registration. Because these conventions, laws, and regulations change frequently, we cannot predict the ultimate cost of compliance or their impact on the resale price and/or the useful lives of our vessels. Additional conventions, laws and regulations may be adopted which could limit our ability to do business or increase the cost of our doing business and which may have a material adverse effect on our operations. We are required by various governmental and quasi-governmental agencies to obtain permits, licenses, certificates, and financial assurances with respect to our operations. Subject to the discussion below and to the fact that the kinds of permits, licenses, certificates and financial assurances required for the operation of our vessels will depend upon a number of factors, we believe that we have been and will be able to obtain all permits, licenses, certificates and financial assurances material to the conduct of our operations.

The heightened environmental and quality concerns of classification societies, insurance underwriters, regulators and charterers has led to the imposition of increased inspection and safety requirements on all vessels in the tanker market and the scrapping of older vessels throughout the industry has been accelerated.

*IMO.* The International Maritime Organization (“IMO”) has adopted international conventions that impose liability for oil pollution in international waters and in a signatory’s territorial waters, including amendments to Annex I of the 1973 International Convention for the Prevention of Pollution from Ships (“MARPOL”) which set forth upgraded requirements for oil pollution prevention for tankers. These regulations are effective in relation to tankers in many of the jurisdictions in which our tanker fleet operates. They provide that: (1) tankers 25 years old and older must be of double-hull construction and (2) all tankers will be subject to enhanced inspections. All of the vessels in our fleet are of double hull construction. The regulations are intended to reduce the likelihood of oil pollution in international waters. These amendments became effective on April 5, 2005.

On January 1, 2007, Annex I of MARPOL was revised to incorporate all amendments since the MARPOL Convention entered into force in 1983 and to clarify the requirements for new and existing tankers.

Regulation 12A of MARPOL Annex I came into force on August 1, 2007 and governs oil fuel tank protection. The requirements apply to oil fuel tanks on all ships with an aggregate capacity of 600 cubic meters and above which are delivered on or after August 1, 2010, and all ships for which shipbuilding contracts were placed on or after August 1, 2007. Since March 1, 2018, Form B of the Supplement to the International Oil Pollution Prevention Certificate contained in MARPOL Annex I has been amended to simplify its completion with respect to segregated ballast tanks. Segregated ballast tanks use ballast water that is completely separate from the cargo oil and oil fuel system. Segregated ballast tanks are currently required by the IMO on crude oil tankers of 20,000 tons deadweight or more constructed after 1982.

MARPOL Annex IV entered into force on September 27, 2003, and requires ships engaged in international voyages and certified to carry more than 15 persons to have systems and controls in place to deal with human sewage, for governments to have port reception facilities, and a requirement for survey and certification. Annex IV prohibits the discharge of sewage into the sea, except when the ship has an approved sewage treatment plant in operation or when the ship is discharging comminuted and disinfected sewage using an approved system at a distance of three nautical miles from the nearest land.

In September 1997, the IMO adopted Annex VI to MARPOL to address air pollution from ships. Annex VI came into force on May 19, 2005. It set limits on sulfur oxide and nitrogen oxide (“NOx”) emissions from ship exhausts and prohibited deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. Annex VI also included a global cap on the sulfur content of fuel oil and allowed for the designation of special areas known as Emission Control Areas (“ECAs”) where more stringent controls on sulfur emissions would apply. Annex VI has been ratified by some, but not all IMO member states. All vessels subject to Annex VI and built after May 19, 2005 must carry an International Air Pollution Prevention (“IAPP”) Certificate evidencing compliance with Annex VI. In October 2008, the Marine Environment Protection Committee (“MEPC”) of the IMO adopted amendments to Annex VI regarding particulate matter, NOx and sulfur oxide emissions standards. These amendments, which entered into force in July 2010, seek to reduce air pollution from vessels by establishing a series of progressive standards to further limit the sulfur content in fuel oil, which were fully phased in at the beginning of 2020, and by establishing three tiers of NOx emission standards for new marine diesel engines, depending on their date of installation. Additionally, more stringent emission standards apply in ECAs. The U.S. ratified the amendments in October 2008. Annex VI was implemented in the U.S. through the Act to Prevent Pollution from Ships (“APPS”). Annex VI, APPS and implementing regulations promulgated by the U.S. Environmental Protection Agency (“EPA”) under the Clean Air Act (“CAA”) impose engine-based and fuel-based standards that apply to U.S. flagged ships wherever located, and to non-U.S. flagged ships operating in U.S. waters, as well as ships operating within the 200 nautical mile border around the U.S., including the North American ECA and the U.S. Caribbean ECA, which encompasses waters around Puerto Rico and the U.S. Virgin Islands. The APPS statute requires engine manufacturers, owners and operators of vessels, and other persons to comply with Annex VI of MARPOL. The EPA and the U.S. Coast Guard (the “USCG”) enforce these requirements pursuant to authority under APPS, the CAA and a 2011 Memorandum of Understanding between the EPA and the USCG setting forth the terms by which the EPA and the USCG mutually cooperate in enforcement and implementation.

Amendments to Annex VI to address greenhouse gas (“GHG”) emissions from shipping came into force on January 1, 2013. New vessels of 400 tons or greater are required to meet minimum energy efficiency levels per capacity mile (the Energy Efficient Design Index (“EEDI”)), while existing vessels were required to implement Ship Energy Efficiency Management Plans (“SEEMPs”). All our vessels have SEEMPs. The EEDI requirements do not apply to a liquefied natural gas (“LNG”) carrier unless the construction contract for the carrier was placed on or after September 1, 2015. Our LNG carriers comply with EEDI requirements.

We have obtained International Air Pollution Prevention certificates for all of our vessels. Implementing the requirements of Annex VI may require modifications to vessel engines or the addition of post combustion emission controls, or both, as well as the use of lower sulfur fuels. In April 2016, the IMO adopted an amendment to Annex VI regarding requirements for recording operational compliance with NOx Tier III ECAs (discussed in further detail below) and a further amendment to the NOx Technical Code 2008 to facilitate the testing of gas and dual fuel engines. This amendment entered into force on September 1, 2017. We believe that maintaining compliance with Annex VI will not have a significantly adverse financial impact on the operation of our vessels.

Further amendments to Annex VI of MARPOL were adopted by the MEPC in October 2016. Beginning on January 1, 2019, the new Regulation 22A of chapter 4 of Annex VI added a requirement for ships of 5,000 gross tons and above to collect consumption data for each type of fuel oil used as well as other specified data. The collection method should be set out in the SEEMP and this information must have been submitted to the flag state no later than March 31, 2020. The flag state in turn must submit data to an IMO Ship Fuel Oil Consumption Database. Other regulations were amended to cater to this new requirement, including those related to certificates, surveys and port state control. The MEPC also adopted amendments to Annex VI setting the global limit for sulfur content of ships' fuel oil to 0.5% mass by mass ("m/m") as opposed to the former global limit of 3.5% m/m. The new sulfur limit entered into effect on January 1, 2020. From March 1, 2020, ships are not permitted to transport fuels containing more than 0.5% m/m sulfur content for use on board, regardless of whether a ship is operating outside a designated ECA, unless the ship has an approved exhaust cleaning system or "scrubber" fitted. We do not believe compliance with such regulations will have a material effect on the operation or financial viability of our business. From April 1, 2022, amendments to Annex VI of MARPOL will come into force, changing the required procedure in Regulation 14 for sampling and verification of the sulfur content of on board fuel oil and installing an on board sampling point or points. From April 1, 2022, there will also be changes to the reporting requirements on the vessel's required and attained EEDI values contained in Regulation 20, bringing forward the effective date of phase 3 requirements to 2022 for several ship types including gas carriers and LNG carriers. New ships built from April 1, 2022, will be required to be significantly more energy efficient than the baseline.

In November 2021, draft amendments to Annex VI of MARPOL were agreed by the MEPC and were subsequently adopted at its 76<sup>th</sup> session in June 2021. The amendments impose mandatory goal based technical and operational measures designed to reduce the carbon intensity of international shipping, in line with the IMO's goal of reducing greenhouse gas emissions by at least 40% by 2030 and by 70% by 2050 (compared to 2008 levels). The Energy Efficiency Existing Ship Index (EEXI) would effectively extend design requirements under the EEDI to all cargo and cruise ships above 400 GT falling under Annex VI (including tankers and LNG carriers). When implemented, the vessel's EEXI technical file (proving that the vessel meets the required attained EEXI value) must be approved at the vessel's first annual survey after January 2023. The Carbon Intensity Indicator (CII) is a rating that would be given to all cargo and cruise ships above 5,000 GT falling under Annex VI. The CII rating relates to the carbon intensity of a vessel's operations. When implemented, a vessel will require an enhanced SEEMP that measures the vessel's CII and sets a mandatory annual CII target to be attained via operational compliance steps. The proposed CII metric for calculating a vessel's annual operational carbon intensity is the annual efficiency ratio ("AER"), which considers a vessel's total CO<sub>2</sub> emissions over the vessel's total distance sailed (as deadweight ton miles). Discussions are still ongoing at MEPC level regarding possible correction factors to be applied to this metric for certain vessels and/or activities. Further guidance on appropriate compliance steps are yet to be published. As a result the full financial impact of complying with these measures is not yet clear. In May 2022, the US Coast Guard will propose regulations to implement these new provisions of MARPOL Annex VI and to explain how the United States has chosen to carry out certain discretionary aspects of Annex VI.

In April 2016, a revised annex to the Convention on Facilitation of International Maritime Traffic ("FAL") was adopted by the IMO. It contains revised mandatory requirements for the electronic exchange of information on cargo and crew. This electronic exchange of information was mandatory beginning April 9, 2019, with a transition period of no less than 12 months. Other revised standards cover discrimination in respect to shore leave and access to shore-side facilities and updates to recommended practice in relation to stowaways. The revised annex entered into force on January 1, 2018. We comply with these regulations.

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships (the "Anti-fouling Convention") which prohibits the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. The Anti-fouling Convention came into force on September 17, 2008 and applies to vessels constructed prior to January 1, 2003 that have not been in dry-dock since that date. Since January 1, 2008, under the Anti-fouling Convention, exteriors of vessels have had to be either free of the prohibited compounds or have had coatings applied that act as a barrier to the leaching of the prohibited compounds. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-fouling System Certificate and must undergo a survey before the vessel is put into service or when the anti-fouling systems are altered or replaced. Draft amendments to the Anti-fouling Convention were approved by the MEPC in November 2020 and adopted at its 76<sup>th</sup> session in June 2021, which prohibits anti-fouling systems containing cybutryne (also known as Irgarol-1051) from January 1, 2023, or for ships which already have such an anti-fouling system, at the next scheduled renewal of the anti-fouling system after January 1, 2023, but no later than 60 months following the last application of the ship of such an anti-fouling system. We have obtained International Anti-fouling System Certificates for all of our vessels that are subject to the Anti-fouling Convention and do not believe that maintaining such certificates will have an adverse financial impact on the operation of our vessels.

In addition, our LNG carriers meet IMO requirements for liquefied gas carriers, including those contained in the International Code for the Construction and Equipment of Ships carrying Liquefied Gases in Bulk ("ICG Code"), the Existing Ships Carrying Liquefied Gases in Bulk ("EGC Code") and the Code of the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk ("IGC Code"). In order to operate in the navigable waters of the IMO's member states, liquefied gas carriers must have an IMO Certificate of Fitness demonstrating compliance with construction codes for liquefied gas carriers. These codes, and similar regulations in individual member states, address fire and explosion risks posed by the transport of liquefied gases. Collectively, these standards and regulations impose detailed requirements relating to the design and arrangement of cargo tanks, vents, and pipes; construction materials and compatibility; cargo pressure; and temperature control. Liquefied gas carriers are also subject to

international conventions that regulate pollution in international waters and a signatory's territorial waters. Under the IMO regulations, gas carriers that comply with the IMO construction certification requirements are deemed to satisfy the requirements of Annex II of MARPOL applicable to transportation of chemicals at sea, which would otherwise apply to certain liquefied gases. With effect from January 1, 2007, the IMO revised the Annex II regulations that restrict discharges of "noxious liquid substances" during cleaning or de-ballasting operations. The revisions include significantly lower permitted discharge levels of noxious liquid substances for vessels constructed on or after the effective date, made possible by improvements in vessel technology. These discharge requirements apply to the Company's LNG carriers. With effect from January 1, 2021, Annex II MARPOL will impose stricter controls on the discharge of noxious liquid substances residues in specified areas (North West European waters, Baltic Sea area, Western European waters and the Norwegian Sea). In these areas prewash and discharge to a port reception facility are required for cargo residues and tank washings containing persistent floating products (for example, certain vegetable oils and paraffin-like cargoes).

On January 1, 2013, MARPOL Annex V regulations came into force with regard to the disposal of garbage from ships at sea. These regulations prohibit the disposal of garbage at sea other than certain defined permitted discharges or when outside one of the MARPOL Annex V "special areas" in which, for reasons relating to their oceanographical and ecological condition and/or their sea traffic, the adoption of special mandatory methods for the prevention of sea pollution is required. Under MARPOL, these special areas are provided with a higher level of protection than other areas of the sea. These areas are the: (i) Mediterranean Sea; (ii) Baltic Sea; (iii) Black Sea; (iv) Red Sea; (v) Gulfs area; (vi) North Sea; (vii) Antarctic sea; and (viii) Wider Caribbean region including the Gulf of Mexico and the Caribbean Sea. The regulations do not only impact the disposal of "traditional garbage" but also the disposal of harmful hold washing water and cargo residues. Products considered suitable for discharge are those not defined as harmful by the criteria set out in MARPOL Annex III and which do not contain carcinogenic, mutagenic or reprotoxic components. We have a protocol in place to ensure that (i) garbage is disposed of in accordance with the Annex V regulations and that the vessels in our fleet maintain records showing that any cleaning agent or additive used was not harmful to the marine environment and (ii) the supplier provides a signed and dated statement to this effect, either as part of a Material Safety Data Sheet ("MSDS") or as a stand-alone document. Our protocol addresses the Annex V special areas and we do not consider them likely to adversely affect our ability to operate our vessels.

In October 2016, the IMO adopted amendments to Annex V which place responsibility on shippers to determine whether or not their cargo is hazardous to the marine environment (with such categorization to be carried out in accordance with the UN Globally Harmonized System of Classification and Labelling of Chemicals) and introduced a two-part garbage record book which splits cargo residues from garbage other than cargo residues. These amendments entered into force on March 1, 2018. We have policies and procedures in place to ensure compliance with these amendments to Annex V.

Tsakos Columbia Shipmanagement S.A., or TCM, our technical manager, is ISO 14001 compliant. ISO 14001 requires companies to commit to the prevention of pollution as part of the normal management cycle. Additional or new conventions, laws and regulations may be adopted that could adversely affect our ability to manage our vessels.

In addition, the European Union and countries elsewhere have considered stricter technical and operational requirements for tankers and legislation that would affect the liability of tanker owners and operators for oil pollution. Any additional laws and regulations that are adopted could limit our ability to do business or increase our costs. The results of these or other potential future regulations could have a material adverse effect on our operations.

Under the current regulations, the vessels of our existing fleet will be able to operate for substantially all of their respective economic lives. However, compliance with the regulations regarding inspections of all vessels may adversely affect our operations. We cannot at the present time evaluate the likelihood or magnitude of any such adverse effect on our operations due to uncertainty of interpretation of the IMO regulations.

The operation of our vessels is also affected by the requirements set forth in the IMO's International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention ("ISM Code") which came into effect in relation to oil tankers in July 1998 and which was further amended on July 1, 2010. The ISM Code requires ship owners, ship managers and bareboat (or demise) charterers to develop and maintain an extensive "safety management system" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. The failure of a shipowner, ship manager or bareboat charterer to comply with the ISM Code may subject that party to increased liability, may decrease available insurance coverage for the affected vessels, and may result in a denial of access to, or detention in, some ports. All of our vessels are ISM Code certified.

The International Convention for the Safety of Life at Sea ("SOLAS") was amended in November 2012 to incorporate mandatory maximum noise level limits for machinery spaces, control rooms, accommodation and other spaces on board vessels. The amendments came into force on July 1, 2014 and require ships of 1,600 gross tons or more, for which the building contract was placed on or after July 1, 2014 or were constructed on or after January 1, 2015 or will be delivered on or after July 1, 2018 to be constructed

to reduce on-board noise and to protect personnel from noise on board ships. All of our vessels comply with existing guidelines, and our new buildings will meet the applicable requirements.

SOLAS Regulations II-2/4.5 and II-2/11.6 have been amended to clarify the provisions relating to the secondary means of venting cargo tanks in order to ensure adequate safety against over and under pressurization. SOLAS Regulation II-2/20 relating to the performance of ventilation systems was also amended. These changes apply to all tankers constructed on or after January 1, 2017. All of our tankers constructed on or after January 1, 2017 comply with, and our new buildings will meet, these requirements.

SOLAS Regulation II-2 10.10.1 and 10.10.3 have been amended and require ships constructed on or after July 1, 2014 to be fitted with the following by July 1, 2019: a) compressed air breathing apparatus fitted with an audible alarm and a visual or other device which will alert the user before the volume of the air in the cylinder has been reduced to no less than 200 liters; b) a minimum of two two-way portable radiotelephone apparatus for each fire party for fire-fighter's communication. The two-way portable radiotelephone apparatus must be explosion-proof or intrinsically safe. Fire parties are individuals or groups listed on the muster list.

Performance standards for Enhanced Group Call ("EGC") and NAVTEX Equipment have also been amended. Such equipment installed after July 1, 2019 must comply with SOLAS IV/7 and SOLAS IV/14.

SOLAS Regulations III/3 and III/20 were amended effective January 1, 2020. From this time, all ships must comply with requirements for maintenance, thorough examination, operational testing, overhaul and repair of lifeboats and rescue boats, launching appliances and release gear contained in SOLAS Chapter III.

Amendments to SOLAS Regulation II-1/3-8 requiring appropriate and safe-to-use designs of mooring arrangements, introduction of a maintenance and inspection regime and proper documentation are expected to enter into force on January 1, 2024.

In addition, amendments to parts B-1, B-2 and B-4 of SOLAS chapter II-1 related to watertight integrity requirements are expected to enter into force on January 1, 2024.

The International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW Convention") and its associated Code was amended in June 2010 (the "Manila Amendments") with such amendments entering into force on January 1, 2012, with a five-year transitional period until January 1, 2017. As of 2018 all seafarers are required to meet the STCW standards and be fully certified in accordance with the revised STCW amendments. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance. From January 1, 2017, all of our crew STCW Convention certificates have been issued, renewed and revalidated in accordance with the provisions of the Manila Amendments.

The Nairobi Wreck Removal Convention 2007 ("Wreck Convention") entered into force on April 14, 2015. The Wreck Convention provides a legal basis for sovereign states to remove, or have removed, shipwrecks that may have the potential to affect adversely the safety of lives, goods and property at sea, as well as the marine and coastal environment. Further, the Wreck Convention makes ship owners financially liable for wreck removal and requires them to take out insurance or provide other financial security to cover the costs of wreck removal. All of our fleet has complied with the certification requirements stipulated by the Wreck Convention with regards to financial security.

*OPA 90.* The U.S. Oil Pollution Act of 1990 ("OPA 90") established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA 90 affects all owners and operators whose vessels trade to the U.S. or its territories or possessions or whose vessels operate in U.S. waters, which include the U.S.'s territorial sea and its two hundred nautical mile exclusive economic zone. The USCG is the lead federal agency that enforces OPA 90.

Under OPA 90, vessel owners, operators and bareboat charterers are "responsible parties" and are jointly, severally and strictly liable (unless the oil spill results solely from the act or omission of a third party, an act of God or an act of war and the responsible party reports the incident and reasonably cooperates with the appropriate authorities) for all containment and clean-up costs and other damages arising from discharges or threatened discharges of oil from their vessels. Tsakos Shipping and Tsakos Energy Management would not qualify as "third parties" because they perform under contracts with us. OPA 90 follows a "polluter pays" principle, and as such, the responsible party is liable for damages under OPA 90 up to statutory liability limits. OPA 90 does allow the responsible party to recover against a third party based on contractual indemnity or via contribution.

OPA 90 allows for the recovery of a broad category of damages, which are defined broadly to include (1) natural resources damages and the related assessment costs, (2) real and personal property damages, (3) net loss of taxes, royalties, rents, fees and other lost revenues, (4) lost profits or impairment of earning capacity due to property or natural resources damage, (5) net cost of public services necessitated by a spill response, such as protection from fire, safety or health hazards, and (6) loss of subsistence use of natural resources.

OPA 90 also expressly excludes the economic loss rule that would normally require a proprietary interest in property before allowing for recovery of economic losses.

OPA 90 incorporates limits on the liability of responsible parties for a spill. OPA 90 adjusts the limits of liability, based on increases in the Consumer Price Index (“CPI”) at least every three years. The limits of liability for a double-hulled tanker over 3,000 gross tons are currently the greater of \$2,300 per gross ton or \$19,943,400 (last amended in November 2019).

These limits of liability would not apply if the incident was proximately caused by violation of applicable U.S. federal safety, construction or operating regulations or by the responsible party (or its agents or employees or any person acting pursuant to a contractual relationship with the responsible party) or by gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with the oil removal activities. We continue to maintain, for each of our vessels, pollution liability coverage in the amount of \$1 billion per incident. A catastrophic spill could exceed the insurance coverage available, in which case there could be a material adverse effect on us.

Under OPA 90, with some limited exceptions, all newly built or converted tankers operating in U.S. waters must be built with double-hulls, and existing vessels which do not comply with the double-hull requirement should have been phased out by December 31, 2014. All of our fleet is of double-hull construction.

OPA 90 requires owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet their potential liabilities under OPA 90. Under the regulations, evidence of financial responsibility may be demonstrated by insurance, surety bond, letter of credit, self-insurance, guaranty or other satisfactory evidence. Under the self-insurance provisions, the ship owner or operator must have a net worth and working capital, measured in assets located in the U.S. against liabilities located anywhere in the world, that exceeds the applicable amount of financial responsibility. OPA 90 requires an owner or operator of a fleet of tankers only to demonstrate evidence of financial responsibility in an amount sufficient to cover the tanker in the fleet having the greatest maximum liability under OPA 90.

OPA 90 specifically permits individual U.S. coastal states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for oil spills.

Owners or operators of tankers operating in U.S. waters are required to file vessel response plans with the USCG for approval, and their tankers are required to operate in compliance with such approved plans. These response plans must, among other things, (1) address a “worst case” scenario and identify and ensure, through contract or other approved means, the availability of necessary private response resources to respond to a “worst case discharge,” (2) describe crew training and drills, and (3) identify a qualified individual with full authority to implement removal actions. All our vessels have approved vessel response plans.

We intend to comply with all applicable USCG and state regulations in the ports where our vessels call.

## **Environmental Regulation**

*The U.S. Comprehensive Environmental Response, Compensation, and Liability Act.* The U.S. Comprehensive Environmental Response, Compensation and Liability Act (“CERCLA”) applies to spills or releases of hazardous substances other than petroleum or petroleum products, whether on land or at sea. CERCLA imposes joint and several liability, without regard to fault, on the owner or operator of a ship, vehicle or facility from which there has been a release, and on other specified parties. Liability under CERCLA is generally limited to the greater of \$300 per gross ton or \$500,000 per vessel carrying non-hazardous substances (\$5.0 million for vessels carrying hazardous substances), unless the incident is caused by gross negligence, willful misconduct or a violation of certain regulations, in which case liability is unlimited.

*U.S. Clean Water Act.* The U.S. Clean Water Act of 1972 (“CWA”) prohibits the discharge of oil or hazardous substances in navigable waters and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA 90. Additionally, the CWA provides for the potential application of civil or criminal penalties for a pollution incident. Under EPA regulations, vessels must obtain CWA permits for the discharge of ballast water and other substances incidental to normal operation in U.S. territorial or inland waters. Commercial vessels greater than 79 feet in length are required to obtain coverage under the National Pollutant Discharge Elimination System (“NPDES”) Vessel General Permit (the “VGP”) to discharge ballast water and other wastewater into U.S. waters by submitting a Notice of Intent (a “NOI”). The most recent VGP (the “2013 VGP”) became effective in December 2013 and then expired on December 18, 2018, although its provisions remain in force, as described below. The 2013 VGP requires vessel owners and operators to comply with a range of best management practices, reporting, record keeping and other requirements for a number of incidental discharge types and incorporates current USCG requirements for ballast water management, as well as supplemental ballast water requirements. The 2013 VGP included ballast water numeric discharge limits and best management practices for certain discharges. On June 11, 2012 the USCG and the EPA published a memorandum of understanding which provides for collaboration on the enforcement of the VGP requirements, and the USCG routinely includes the VGP as part of its normal Port State Control inspections.

On December 4, 2018, the Vessel Incidental Discharge Act (“VIDA”) was signed into law establishing a new framework for the regulation of vessel incidental discharges under the CWA. VIDA requires the EPA to develop performance standards for those discharges within two years of enactment and requires the USCG to develop implementation, compliance, and enforcement regulations within two years of EPA’s promulgation of standards. Under VIDA, all provisions of the 2013 VGP will remain in force and effect until the USCG regulations are finalized. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking – Vessel Incident Discharge National Standards of Performance in the Federal Register for public comment. The comment period closed on November 25, 2020.

We intend to comply with the VGP and the record keeping requirements and we do not believe that the costs associated with obtaining such permits and complying with the associated obligations will have a material impact on our operations.

In August 2021, a Federal Judge in California ordered the EPA to update its regulations about the chemicals that can be used to disperse offshore oil spills. The EPA has a deadline of May 31, 2023, to take final action on listing and authorizing the chemicals and must submit regular status report in the meantime.

*The Clean Air Act.* The CAA requires the EPA to promulgate standards applicable to emissions of volatile organic compounds and other air contaminants. Our vessels are subject to CAA vapor control and recovery standards for cleaning fuel tanks and conducting other operations in regulated port areas and emissions standards for so-called “Category 3” marine diesel engines operating in U.S. waters. On December 22, 2009, the EPA adopted final emission standards for Category 3 marine diesel engines equivalent to those adopted in the amendments to Annex VI to MARPOL. As a result, the most stringent engine emissions and marine fuel sulfur requirements of Annex VI will apply to all vessels regardless of flag entering U.S. ports or operating in U.S. waters, and to all U.S. flagged vessels regardless of location. The emission standards apply in two stages: near-term standards for newly-built engines, which have applied since the beginning of 2011, and long-term standards requiring an 80% reduction in NOx by 2030, which has applied from the beginning of 2016, requiring the use of emission control technology. In January 2021, the EPA expanded the availability of a proven, modern inspection method for finding and correcting air pollution leaks at large liquid storage tanks. These amendments will allow owner/ operators of certain large tanks known as Volatile Organic Liquid Storage Vessels to conduct less cumbersome “in service” inspections of the tanks, without emptying and degassing the storage tank.

*IMO Emission Control Areas.* All vessels operating in the North American and Caribbean ECAs discussed above must use fuel with a sulfur content of 0.1%. Since January 1, 2016, NOx after-treatment requirements have also applied. California implemented a 24 nautical mile zone within which fuel must have a sulfur content of 0.1% or less on January 1, 2014. Currently, the California regulations run in parallel with the emissions requirements in the North American and Caribbean ECAs. Compliance with the North American and Caribbean ECA emission requirements, as well as the possibility that more stringent emissions requirements for marine diesel engines or port operations by vessels will be adopted by the EPA or the states where we operate, could entail significant capital expenditures or otherwise increase the costs of our operations. Similarly, the EU has ECAs in place in the Baltic Sea and the North Sea and English Channel, within which fuel with a sulfur content in excess of 0.1% has not been permitted since January 1, 2015. The EU Commission is currently investigating the possibility of placing ECAs in the Mediterranean Sea and Black Sea. In addition, the EU Sulphur directive has since January 1, 2010 banned inland waterway vessels and ships berthing in EU ports from using marine fuels with a sulfur content exceeding 0.1% by mass. The prohibition applies to use in all equipment including main and auxiliary engines and boilers. Some EU Member States also require vessels to record the times of any fuel-changeover operations in the ship’s logbook.

The MEPC in May 2013 voted to postpone the implementation of MARPOL Annex VI Tier III standards until 2021. However, as the MEPC subsequently agreed that Tier III standards shall apply to marine diesel engines that are installed on a ship constructed on or after January 1, 2016 which operates in the North American ECA or the Caribbean ECA, Tier III standards do apply now. Tier III limits are 80% below Tier I and these cannot be achieved without additional means such as Selective Catalytic Reduction (“SCR”). In July 2017, the IMO adopted additional amendments to MARPOL Annex VI to introduce the Baltic Sea and the North Sea as ECAs in respect of the sulfur content of fuels. Both ECAs will be enforced for ships constructed on or after January 1, 2021, or existing ships which replace an engine with “non-identical” engines or install an “additional” engine. On January 1, 2019, the Baltic Sea and North Sea ECAs were extended to cover NOx. Regulation 13 of MARPOL Annex VI requires engines with a power output of more than 130 kilowatts installed or replaced on or after January 1, 2021 to be Tier III certified if operated in the Baltic Sea and North Sea (including the English Channel) NOx ECAs and requires the future trading area of a ship to be assessed at the contract stage. There is an exemption to the Tier III requirement to allow ships fitted with dual-fuel engines or only Tier II engines to be built, converted, repaired or maintained at shipyards located inside NOx ECAs if there is not an available, feasible Tier III engine and retrofitting the Tier II engine is not feasible. Regulation 18.5 of MARPOL Annex VI requires ships of 400 gross tons and above to have on board a Bunker Delivery Note (“BDN”) which records details (as set forth in Appendix V) of fuel oil delivered and used on board for combustion purposes. The BDN also provides the designation requirements for refiners, importers and distributors. The BDN now includes a selection box obliging the purchaser to obtain a notification from the fuel supplier’s representative that fuel is intended to be used in compliance with MARPOL, if the fuel supplied exceeds the 0.5% sulfur limit. Further, the MEPC adopted two other sets of amendments to MARPOL Annex VI related to carbon intensity regulations. The MEPC agreed on combining the technical and operational measures with an entry into force date on January 1, 2023.

*HNS Convention.* Our vessels also may become subject to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, created in 1996 and as amended by the Protocol adopted in April 2010 (as amended, the “HNS Convention”) if it enters into force. The HNS Convention would create a regime of liability and compensation for damage from hazardous and noxious substances (“HNS”), including a two-tier system of compensation composed of compulsory insurance taken out by shipowners and an HNS fund which comes into play when the insurance is insufficient to satisfy a claim or does not cover an incident. In March 2020, EU ministers signed a declaration highlighting the importance of the ratification of international maritime conventions, including the 2010 HNS Convention with a target of May 2021 for ratification by EU Member States. In May 2020 France passed legislation preparing for the ratification of the HNS Protocol 2010. In January 2022, Estonia became the sixth country to deposit instruments of ratification of the HNS Protocol 2010 (joining Canada, Denmark, Norway, South Africa and Turkey). To date however, the HNS Convention has not been ratified by a sufficient number of countries to enter into force.

*The Maritime Labour Convention.* The International Labour Organization’s Maritime Labour Convention was adopted in 2006 (“MLC 2006”). The basic aims of the MLC 2006 are to ensure comprehensive worldwide protection of the rights of seafarers (the MLC 2006 is sometimes called the Seafarers’ Bill of Rights) and to establish a level playing field for countries and ship owners committed to providing decent working and living conditions for seafarers, protecting them from unfair competition on the part of substandard ships. The MLC 2006 was ratified on August 20, 2012, and all our vessels were certified by August 2013, as required. Since January 18, 2017, all ships which are subject to the MLC have been required to carry and display on board two certificates confirming that financial security is in place for a) shipowners’ liabilities in the event of abandonment and b) contractual payments for death or long-term disability, as set out in relevant the employment agreement. As of December 26, 2020, shipowners are obliged to pay wages and other entitlements to seafarers where the seafarer is held captive as a result of piracy or armed robbery. The MLC imposes obligations on owners that are relevant to protection of seafarers during the COVID-19 pandemic. The Officers of the Special Tripartite Committee issued a statement in 2020 drawing attention to the need for a pragmatic approach in issues such as facilitating the return home of seafarers who have completed their contracts. The MLC 2006 requirements have not had, and we do not expect that the MLC 2006 requirements will have, a material effect on our operations.

*European Union Initiatives.* In September 2005, the European Union adopted legislation to incorporate international standards for ship-source pollution into European Community law and to establish penalties for discharge of polluting substances from ships (irrespective of flag). Since April 1, 2007, Member States of the European Union have had to ensure that illegal discharges of polluting substances, participation in and incitement to carry out such discharges are penalized as criminal offences and that sanctions can be applied against any person, including the master, owner and/or operator of the polluting ship, found to have caused or contributed to ship-source pollution “with intent, recklessly or with serious negligence” (this is a lower threshold for liability than that applied by MARPOL, upon which the ship-source pollution legislation is partly based). In the most serious cases, infringements will be regarded as criminal offences (where sanctions include imprisonment) and will carry fines of up to Euro 1.5 million. On November 23, 2005 the European Commission published its Third Maritime Safety Package, commonly referred to as the Erika III proposals, and two bills (dealing with the obligation of Member States to exchange information among themselves and to check that vessels comply with international rules, and with the allocation of responsibility in the case of accident) were adopted in March 2007. The Treaty of Lisbon entered into force on December 1, 2009 following ratification by all 27 European Union member states and identifies protection and improvement of the environment as an explicit objective of the European Union. The European Union adopted its Charter of Fundamental Rights at the same time, declaring high levels of environmental protection as a fundamental right of European Union citizens. Additionally, the sinking of the *Prestige* in 2002 has led to the adoption of other environmental regulations by certain European Union Member States. It is impossible to predict what legislation or additional regulations, if any, may be promulgated by the European Union or any other country or authority.

The EU has also adopted legislation that (1) requires member states to refuse access to their ports by certain substandard vessels, according to vessel type, flag and number of previous detentions; (2) obliges member states to inspect at least 25.0% of vessels using their ports annually and increase surveillance of vessels posing a high risk to maritime safety or the marine environment; (3) provides the EU with greater authority and control over classification societies, including the ability to seek to suspend or revoke the authority of negligent societies; and (4) requires member states to impose criminal

sanctions for certain pollution events, such as the unauthorized discharge of tank washings. It is also considering legislation that will affect the operation of vessels and the liability of owners for oil pollution.

The Council of the EU has approved the implementation of its 2013 strategy for integrating maritime transport emissions into the EU's GHG reduction policies, and Regulation (EU) 2015/757 of the European Parliament and of the Council on the monitoring, reporting and verification of carbon dioxide ("CO<sub>2</sub>") emissions from maritime transport was adopted on April 29, 2015. It obliges owners of vessels over 5,000 gross tons to monitor emissions for each ship on a per voyage and annual basis, from January 1, 2018. There are provisions for monitoring, reporting and verifying ("MRV") of CO<sub>2</sub> emissions from vessels using EU ports, to apply from January 1, 2018. From 2019, by April 30 each year all ships above 5,000 gross tons, regardless of flag, calling at EU ports must submit a verified emissions report annually to the European Commission and the vessel's flag state. From 2019, by June 30 each year vessels must carry a valid Document of Compliance ("DOC") confirming compliance with Regulation (EU) 2015/757 for the prior reporting period. This DOC must be made available for inspection at EU ports. Individual Member States have started to introduce CO<sub>2</sub> emissions legislation for vessels. The French Transport Code has required vessel operators to record and disclose the level of CO<sub>2</sub> emitted during the performance of voyages to or from a destination in France since October 1, 2013. The European Green Deal, details of which were issued in December 2019, included proposals to include emissions from the shipping sector into the EU Emissions Trading System ("ETS"). In March 2020 the European Commission proposed a draft European Climate Law which sets out a proposed framework to implement the EU's aim of being climate neutral by 2050. In December 2020 the European Council agreed on a general approach on the European Climate Law. In July 2021, the EU Commission submitted its 'Fit for 55' package, consisting of several legislative proposals to ensure EU legislation is in line with the EU's climate goals under the European Green Deal. Two key proposals are the inclusion of carbon emissions from maritime transport in the EU ETS from 2023 and FuelEU Maritime, a new proposal targeting the carbon intensity of a ship's fuel. If adopted as per the Commission's proposal, the EU ETS will apply to 100% of carbon emissions from ship voyages between EU ports and 50% of emissions from voyages between an EU port and a non-EU port. The EU ETS is a 'cap and trade' carbon market, where participants purchase allowances that can be traded with other participants. An allowance entitles the holder to emit one tonne of CO<sub>2</sub> and each year participants must surrender the requisite amount of allowances corresponding to their verified annual emissions for the previous calendar year or face paying a financial penalty. If adopted as per the Commission's proposal, the FuelEU Maritime Regulation would apply to all ships above 5,000GT arriving at or departing from EU ports and compliance obligations would be phased in from 1 January 2025. The proposed FuelEU Maritime Regulation would require a ship's fuel consumption and the fuel's average GHG intensity to be monitored, verified and calculated. The regulation would set an annual limit on the GHG intensity of maritime fuels used by a ship, with a financial penalty imposed for any 'compliance deficit'. In addition, the proposed FuelEU Maritime Regulation would require container ships and passenger ships calling at EEA ports to connect to and use on-shore power at berth from 1 January 2030. The proposals are currently being reviewed by and debated in the EU Parliament and Council and are subject to amendments.

*Vessel Recycling Regulations.* The EU has introduced the European Ship Recycling Regulation, aimed at minimizing adverse effects on health and the environment caused by ship recycling, as well as enhancing safety, protecting the marine environment and ensuring the sound management of hazardous waste. The Regulation entered into force on November 20, 2013 and anticipates the international ratification of the IMO's Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships 2009 ("Hong Kong Convention"). The Hong Kong Convention will enter into force 24 months after the following conditions are met: (1) not less than 15 IMO member states have become signatories, (2) the signatories represent at least 40% of the gross tonnage of the world's merchant shipping, and (3) the combined maximum annual ship recycling volume of the signatories during the preceding 10 years constitutes at least 3% of the gross tonnage of the combined merchant shipping of the signatories. The Hong Kong Convention has not yet been adopted by the necessary number of member states, but after India and Croatia's recent adoption, the current member states represent approximately 29.58% of the gross tonnage of the world's merchant tonnage.

By December 31, 2020, the Ship Recycling Regulation requires vessels flying the flag of EU Member States to maintain detailed records of hazardous materials on board, with some materials such as asbestos being restricted or prohibited. This obligation is extended to all non-EU flagged vessels calling at a port or anchorage in an EU Member State. A certified inventory of hazardous materials (“IHM”) first requires a survey carried out by the shipowner or a hazardous materials experts, and then the relevant flag state administration will issue a statement of compliance to the vessel after verifying the IHM. The IHM will be subject to periodic checks during renewal surveys every five years and during port state control inspections. The European Ship Recycling Regulation also requires EU-flagged vessels to be scrapped only in approved recycling facilities and grants an EU Member State the right to detain, dismiss or exclude non-compliant vessels from their ports or offshore terminals.

*Other Environmental Initiatives.* Many countries have ratified and follow the liability scheme adopted by the IMO and set out in the International Convention on Civil Liability for Oil Pollution Damage, 1969, as amended (“CLC”), and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage of 1971, as amended (“Fund Convention”). The U.S. is not a party to these conventions. Under these conventions, a vessel’s registered owner is strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain complete defenses. The liability regime was increased (in limit and scope) in 1992 by the adoption of Protocols to the CLC and Fund Convention which became effective in 1996. The Fund Convention was terminated in 2002, but the Supplementary Fund Protocol was adopted in 2003 and entered into force in March 2005. The liability limit in the countries that have ratified the 1992 CLC Protocol is tied to a unit of account which varies according to a basket of currencies. Under an amendment to the 1992 CLC Protocol that became effective on November 1, 2003, for vessels of 5,000 to 140,000 gross tons, liability is limited to approximately \$4,289,220 plus approximately \$600 for each additional gross ton over 5,000. For vessels of over 140,000 gross tons, liability is limited to approximately \$84,609,803. As the Convention calculates liability in terms of IMF Special Drawing Rights, these figures are based on currency exchange rates on March 31, 2021. From May 1998, parties to the 1992 CLC Protocol ceased to be parties to the CLC due to a mechanism established in the 1992 CLC Protocol for compulsory denunciation of the “old” regime; however, the two regimes will co-exist until the 1992 CLC Protocol has been ratified by all original parties to the CLC. The right to limit liability is forfeited under the CLC where the spill is caused by the owner’s actual fault and under the 1992 CLC Protocol where the spill is caused by the owner’s intentional or reckless conduct. The 1992 CLC Protocol channels more of the liability to the owner by exempting other groups from this exposure. Vessels trading to states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the CLC has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that convention. We believe that our protection and indemnity insurance will cover the liability under the plan adopted by IMO.

The U.S. National Invasive Species Act (“NISA”) was enacted in 1996 in response to growing reports of harmful organisms being released into U.S. ports through ballast water taken on by ships in foreign ports. Under NISA, the USCG adopted regulations in July 2004 establishing a national mandatory ballast water management program for all vessels equipped with ballast water tanks that enter or operate in U.S. waters. These regulations require vessels to maintain a specific ballast water management plan. The requirements can be met by performing mid-ocean ballast exchange, by retaining ballast water on board the ship, or by using environmentally sound alternative ballast water management methods approved by the USCG.

However, mid-ocean ballast exchange is mandatory for ships heading to the Great Lakes or Hudson Bay, or vessels engaged in the foreign export of Alaskan North Slope crude oil. Mid-ocean ballast exchange is the primary method for compliance with the USCG regulations, since holding ballast water can prevent ships from performing cargo operations upon arrival in the U.S., and alternative methods are still under development. Vessels that are unable to conduct mid-ocean ballast exchange due to voyage or safety concerns may discharge minimum amounts of ballast water (in areas other than the Great Lakes and the Hudson River), provided that they comply with record keeping requirements and document the reasons they could not follow the required ballast water management requirements. The USCG adopted allowable concentration limits for living organisms in ballast water discharges in U.S. waters, effective June 21, 2012. All newly constructed vessels must be compliant on delivery. All existing vessels must be compliant at their first scheduled drydock after January 1, 2016 or, in the case of vessels with ballast water capacity of 1,500 – 5,000 cubic meters, their first scheduled drydock after January 1, 2014. The USCG must approve any ballast water management technology before it can be placed on a vessel, and a list of approved equipment can be found on the Coast Guard Maritime Information Exchange (“CGMIX”) web page. As of March 2021, there were forty approved treatment systems which have obtained USCG type approval and 6 were under review. Several U.S. states, such as California, have also adopted more stringent legislation or regulations relating to the permitting and management of ballast water discharges compared to EPA regulations.

At the international level, the IMO adopted an International Convention for the Control and Management of Ships’ Ballast Water and Sediments in February 2004 (the “BWM Convention”). The BWM Convention entered into force on September 8, 2017. Under the BWM Convention, all ships in international traffic are required to manage their ballast water on every voyage by either exchanging it or treating it using an approved ballast water treatment system. All ships have to carry an approved Ballast Water Management Plan and a Ballast Water Record Book, and all ships of 400 gross tons and above have to be surveyed and issued with an International Ballast Water Management Certificate. The BWM Convention sets out two standards of compliance, D1 and D2. The D1 standard requires ships to exchange ballast water in open seas away from coastal areas. The D2 standard in Regulation D-2 of the BWM Convention outlines the standard that ballast water treatment systems must meet. The standards involve maximum levels of certain microorganisms, such as plankton and intestinal enterococci, for given amounts of ballast water. All ships must maintain the D1 standard until required to comply with the D2 standard. All ships constructed after entry into force of the BWM Convention (September 8, 2017) will have to be compliant on delivery with the D2 standard. Existing ships are required to be compliant with the D2 standard by their first International Oil Pollution Prevention (“IOPP”) renewal survey on or after September 8, 2017. Ships constructed before September 8, 2017 are required to comply with the D2 standard at the first IOPP renewal survey on or after September 8, 2019. All ships must have installed a ballast water treatment system which is compliant with the D2 standard by September 8, 2024. The IOPP renewal survey refers to the renewal survey associated with the IOPP Certificate required under MARPOL Annex I. The BWM Convention does not apply to ships not carrying ballast water, domestic ships, ships that only operate in waters under the jurisdiction of one party to the BWM Convention and on the high seas, warships, naval auxiliary or other ships owned or operated by a state, or permanent ballast water in sealed tanks on ships. Furthermore, flag administrators may issue exemptions from the BWM Convention for ships engaged on occasional or one-off voyages between specified ports or locations, or ships that operate exclusively between specified ports or locations, such as ferries. Amendments to the BWM Convention are expected to come into force on June 1, 2022. These include changes to the form of the IBWM certificate and rules requiring commissioning testing of ballast water management systems at the ship's initial survey or during an additional survey for retrofits. This test is required before the BWM certificate for D-2 is issued, but does not apply to ships that already have a certified ballast water management system installed.

Our vessels will comply with the BWM Convention in accordance with its terms, though the cost of compliance may result in us incurring costs to install approved ballast water treatment systems on our vessels.

*Polar Regulations.* In November 2014 the IMO adopted the International Code for Ships Operating in Polar Waters (the “Polar Code”) and related amendments to SOLAS to make it mandatory. The Polar Code comprises of detailed requirements relating to safety, design, construction, operations, training and the prevention of environmental pollution. The Polar Code applies to all shipping and maritime operations in the defined waters of the *Antarctic* and *Arctic*, apart from fishing boats, ships under 500 tons and fixed structures. The Polar Code entered into force on January 1, 2017 and applies to new ships constructed after that date. Ships constructed before January 1, 2017 are required to meet the relevant requirements of the Polar Code by their first intermediate or renewal survey, whichever occurs first, after January 1, 2018. The Polar Code brings with it numerous requirements and necessities for all ships trading in the polar regions and therefore a great deal of investment will be needed to operate in this region. It is our intention to comply with the Polar Code as implemented through MARPOL and SOLAS and with the applicable training requirements of the STCW Convention.

MARPOL Annex I regulation 43 concerning special requirements for the use or carriage of oils in the Antarctic area to prohibit ships from carrying heavy grade oil on board as ballast, came into force on March 1, 2016. Our vessels comply with it.

In June 2021 the MEPC adopted draft amendments to MARPOL Annex I, which add a new Regulation 43A introducing a prohibition on the use and carriage of heavy fuel oil by ships in Arctic waters on and after July 1 2024. Ships with fuel oil tanks located inside the double hull would need to comply on and after July 1 2029.

*Greenhouse Gases.* In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force. Although the Kyoto Protocol required adopting countries to implement national programs to reduce emissions of GHGs, emissions of GHGs from international shipping are not subject to the Kyoto Protocol. No new treaty was adopted at the United Nations' climate change conference in Cancun in December 2010. The Kyoto Protocol was extended to 2020 at the 2012 United Nations Climate Change Conference, with the hope that a new treaty would be adopted in 2015 to come into effect in 2020. The second commitment period of the Kyoto Protocol expired in 2020. We refer to the discussion above of the regulation of GHG emissions from ocean-going vessels under the CAA and EU GHG emissions regulations. The IMO, the EU or individual countries in which we operate could pass climate control legislation or implement other regulatory initiatives to control GHG emissions from vessels that could require us to make significant financial expenditures or otherwise limit our operations. Even in the absence of climate control legislation and regulations, our business may be materially affected to the extent that climate change may result in sea level changes or more intense weather events.

The Hong Kong Air Pollution Control (Marine Light Diesel) Regulations, which entered into force on April 1, 2014, provide that the sulfur content of marine light diesel supplied to vessels in Hong Kong must contain 0.05% sulfur content or less. From January 1, 2019, the Hong Kong Air Pollution Control (Fuel for Vessels) Regulation has required all vessels, irrespective of whether they are sailing or berthing, to use fuel containing 0.5% sulfur content or less or any other fuel approved by the Director of Environment Protection. Vessels equipped with scrubbers may apply for an exemption.

From January 1, 2019, vessels must switch to fuel with a sulfur content not exceeding 0.5% prior to entering China's territorial sea. From March 1, 2020 vessels in Chinese waters must not carry fuel oil with a sulfur content exceeding 0.5%. From July 1, 2019, vessels other than tankers capable of receiving shore power must use shore power whilst in China's coastal and inland ECAs (the Yangtze and Xi Jiang Rivers) if berthing for more than 3 hours and 2 hours, respectively. While in China's coastal and inland ECAs, vessels may not discharge effluent from open loop exhaust gas cleaning systems. From January 1, 2020, vessels entering China's inland ECAs must use fuel with a sulfur content not exceeding 0.1% while operating within the inland ECA. From January 1, 2022, vessels must use fuel with a sulfur content not exceeding 0.1% while operating within the Hainan Coastal ECA. Ships of over 400 gross tons or more or powered by engines of 750 kilowatts or more calling at a port in China must report the energy consumption data of their last voyage to the China Maritime Safety Administration before leaving port.

From January 1, 2019, ships not fitted with scrubbers are required to burn fuel with a sulfur content not exceeding 0.5% when entering Taiwan's international commercial port areas.

In December 2015, representatives of 195 countries met at the Paris Climate Conference ("COP 21") and adopted a universal and legally binding climate deal commonly known as the Paris Agreement. The Paris Agreement contemplates commitments from each nation party thereto to take action to reduce GHG emissions and limit increases in global temperatures but did not include any restrictions or other measures specific to shipping emissions. The governments agreed to the goal of keeping the increase in global average temperature to below 2 degrees Celsius and to aim, if possible, to limit the increase to 1.5 degrees Celsius. Governments also agreed to reconvene every 5 years to reassess the targets. Governments will be required to report to each other on their progress and the steps they have taken to reach their targets. The Paris Agreement came into force on November 4, 2016, and as of March 2021, 191 of the 197 countries who were party to the Paris Agreement have ratified it. On June 1, 2017, the U.S. President announced that the U.S. intended to withdraw from the Paris Agreement. On November 4, 2019, the U.S. submitted formal notification of its withdrawal from the Paris Agreement, which took effect on November 4, 2020. On February 19, 2021, the U.S. re-entered the Paris Agreement. With growing pressure being placed on the IMO to implement measures to aid the objectives agreed at the COP 21, it is very likely that the shipping industry will be subject to further regulation as a result of COP 21 and subsequent COP meetings. This has included initiatives from both the shipping industry and national governments, such as the Call to Action for Shipping Decarbonization (which more than 200 companies has signed), the Clydebank Declaration for Green Shipping Corridors (signed by over 20 countries) and the proposal from the International Chamber of Shipping for an IMO Maritime Research Fund to invest in research and development of zero-carbon technologies for ships.

In April 2018 the IMO's MEPC adopted an initial strategy on the reduction of GHG emissions from ships. The initial strategy aims to reduce the total GHG emissions from ships, based upon emissions in 2008, by at least 50% by 2050, while at the same time pursuing efforts towards phasing them out entirely. In keeping with IMO's initial strategy, IMO has committed to having in place by 2023 short-term measures and by 2030 mid-term measures intended to meet the stated goals of reducing carbon dioxide emissions from shipping by 40% by 2030 and 70% by 2050, and GHG emissions from shipping by 50% by 2050. To this end, IMO is in the process of crafting the 2023 measures and it is expected that these measures will include vessel design and efficient operation. A follow up program approved by the MEPC in October 2018 is intended to act as a three-stage planning tool in meeting the timelines identified in the initial strategy. The January 1, 2019, amendments to Regulation 22A of chapter 4 of MARPOL Annex VI, discussed above, requiring ships of 5,000 gross tons and above to collect consumption data for each type of fuel oil they use, are part of these initiatives. The proposed amendments to Regulations 20A, 21A, 22 of chapter 4 of MARPOL Annex VI imposing mandatory goal based measures to reduce the cargo intensity of international shipping, as discussed above, are part of these initiatives.

There have also been proposals for a form of emissions levy or tax, with the funds raised being used to support either development of new emissions reducing technologies and alternative fuels or a climate change mitigation fund for vulnerable countries. A number of proposals were discussed at MEPC77 in November 2021 and were referred to the Intersessional Working Group on Reduction of GHG Emissions from Ships for further review. The Company is monitoring these developments and their potential impact. The Biden Administration in April 2021 announced that the United States will support a net-zero emissions goal, and the U.S. is expected to continue pushing for more aggressive emissions requirements going forward.

On June 29, 2017, the Global Industry Alliance (the “GIA”) was officially inaugurated. The GIA is a program, under the Global Environmental Facility-United Nations Development Program-IMO project, which supports shipping, and related industries, as they move towards a low carbon future. The GIA includes 18 members including, but not limited to, shipowners, operators, classification societies, and oil companies. The GIA has been extended until 2023.

In June 2017, the IMO’s Maritime Safety Committee adopted requirements for cyber-risk management systems to be incorporated and implemented by ship owners and managers by 2021. U.S. agencies have indicated that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. Compliance might require companies to cultivate additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. However, the impact of such IMO requirements or potential regulations is hard to predict currently.

*Trading Restrictions.* The Company is aware of the restrictions applicable to it on trading with the so-called Donetsk People’s Republic, the so-called Luhansk People’s Republic, Crimea, Cuba, Iran, North Korea, Syria, Venezuela and, in prior periods, Sudan and it has complied with those restrictions and intends to continue to so comply in all respects. The Company has not, nor does it intend to, provide any goods, fees or services to the referenced countries, and has had no contacts with governmental entities in these countries nor does it intend to have any in the future.

Its vessels are not chartered to any Crimean, Cuban, Iranian, North Korean, Sudanese, Syrian or Venezuelan companies. The voyage charter parties and all but the oldest time-charter agreements relating to the vessels in the fleet generally preclude Iran, Crimea, Cuba, North Korea, Syria or Venezuela from the vessels’ trading unless agreed between owner and charterer after considering all relevant sanctions legislation and obtaining legal advice as to the potential sanctions implications of the proposed trade.

Between January 1, 2021 and April 21, 2022, the Company’s vessels made 2,728 port calls around the world, none of which were to those countries.

None of the vessels the Company owns, operates or charters have provided, or are anticipated to provide, any U.S.-origin goods, or goods of any origin which would contravene sanctions restrictions, to these countries, or involve employees who are U.S. nationals in operations associated with these countries. No U.S. companies or U.S. dollar payments are involved in any operations associated with these countries. The Company has no relationships with governmental entities in those countries, nor does it charter its vessels to companies based in those countries. The Company derives its revenue directly from the charterers.

The Company is also aware of the less onerous restrictions on trading with other countries, including but not limited to Libya, and Myanmar/ Burma, and the restrictions on trading with Russia, certain Russian entities and Russian origin goods. It has complied with those restrictions and intends to continue to so comply in all respects.

## **Competition**

We operate in markets that are highly competitive and where no owner controlled more than 5% of the world tanker fleet as of April 21, 2022. Ownership of tankers is divided among independent tanker owners and national and independent oil companies. Many oil companies and other oil trading companies, the principal charterers of our fleet, also operate their own vessels and transport oil for themselves and third-party charterers in direct competition with independent owners and operators. We compete for charters based on price, vessel location, size, age, condition, and acceptability of the vessel, as well as our reputation as a tanker operator and our managers reputation for meeting the standards required by charterers and port authorities. Currently we compete primarily with owners of tankers in the ULCCs, VLCCs, suezmax, suezmax shuttle tankers, aframax, panamax, handymax and handysize class sizes, and we also compete with owners of LNG carriers.

Although we do not actively trade to a significant extent in Middle East trade routes, disruptions in those routes as a result of international hostilities, including those in Syria, Iraq and between Russia and Ukraine, economic sanctions, including those with respect to Iran, Russia and Ukraine, and terrorist attacks such as those made in various international locations (Somalia, Kenya, Yemen, Nigeria) and pirate attacks repeatedly made upon shipping in the Indian Ocean, off West Africa and in South East Asia, may affect our business. We may face increased competition if tanker companies that trade in Middle East trade routes seek to employ their vessels in other trade routes in which we actively trade. Other significant operators of multiple aframax and suezmax tankers in the Atlantic basin that compete with us include public companies such as Euronav, Teekay Tankers, Frontline, International Seaways, Inc., Double Hull Tankers and Nordic American Tankers. There are also numerous smaller tanker operators in the Atlantic basin

## **Employees**

We have no salaried employees. See “—Management Contract—Crewing and Employees.”

## **Properties**

We operate out of Tsakos Energy Management offices in the building also occupied by Tsakos Shipping at Megaron Makedonia, 367 Syngrou Avenue, Athens, Greece.

### **Item 4A. Unresolved Staff Comments**

None.

### **Item 5. Operating and Financial Review and Prospects**

## **Company Overview**

As of April 21, 2022, the fleet consisted of 66 double-hull vessels with an average age of 10.4 years, comprised of 60 conventional tankers, three LNG carriers and three suezmax DP2 shuttle tankers providing world-wide marine transportation services for national, major and other independent oil companies and refiners under long, medium and short-term charters. We also have one DP2 suezmax shuttle tanker and four LNG dual fuel aframax tankers under construction with expected deliveries in 2022 and 2023. The current operational fleet consists of two VLCCs, seventeen suezmaxes (including three DP2 shuttle tankers), nineteen aframaxes, three aframax LR2s, ten

panamax LR1s, six handymax tankers, six handysize tankers and three LNG carriers. All vessels are owned by our subsidiaries, other than six suezmax tankers, one aframax tanker and one LNG carrier, which are bareboat chartered-in by our subsidiaries. The charter rates that we obtain for these services are determined in a highly competitive global tanker charter market. The tankers operate in markets that have historically exhibited both cyclical and seasonal variations in demand and corresponding fluctuations in charter rates. Tanker markets are typically stronger in the winter months because of increased oil consumption in the northern hemisphere. In addition, unpredictable weather conditions in the winter months in various regions around the world tend to disrupt vessel scheduling. The oil price volatility resulting from these factors has historically led to increased oil trading activities. Changes in available vessel supply are also a contributing factor in affecting the cyclicity and overall volatility present in the tanker sector which is reflected both in charter rates and asset values.

## **Results from Operations—2021**

*The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and the notes to those statements included elsewhere in this Annual Report. This discussion includes forward-looking statements that involve risks and uncertainties. As a result of many factors, such as those set forth under “Risk Factors” and elsewhere in this Annual Report our actual results may differ materially from those anticipated in these forward-looking statements.*

The year 2021 opened with the pandemic still causing considerable disruption and grief globally, with 5 million people having died of the virus by the end of 2020. Vaccine approvals gave rise to hope in 2021 that the effects of catching the illness would be mitigated. The new vaccines led to hopes of a possible turnaround in the pandemic in 2021 although COVID -19 was still continuing to spread globally, with a severe COVID related collapse in economic activity in 2020. Lockdowns were imposed in many countries. However, the lockdowns created significant damage to the world economy and to the mental and economic well-being of individuals. New variants soon arose, posing concerns that further measures would be applied.

At the start of the year a new administration had taken over in Washington, with sentiment deeply divided about the process of the recent elections, leading to disturbances that shocked the world, adding to the uncertainty caused by the pandemic.

To address many of the issues facing the U.S government, with the pandemic being a priority, a \$1.9 trillion stimulus package was unveiled in early 2021 that was expected to bring GDP growth back to pre-pandemic levels, by putting government cash into pockets. As a result, U.S. GDP began to grow at a rate not seen for several years, boosted by sudden cash availability and a significant build-up of inventories. However, the fear of COVID-19 returning in 2021, and the continuing problems caused by shortages, higher oil prices and supply disruptions started to cool U.S. growth.

The global economy had been projected to grow 6% for 2021 and 4% for 2022 per the MIF, but severe demand destruction starting in 2020 led to a collapse of economic activity globally in 2020, that continued into 2021, at which time the stimulus package fortuitously started to successfully affect the economy, but with the likelihood that the stimulus would taper off by mid-2022, naturally or by edict.

Specifically, to our industry, the impact of the pandemic had left a heavy toll over the past two years, with tanker demand falling to low levels. However, by contrast, tanker fleet supply fundamentals continued to look very positive due to a lack of newbuilding ordering, a diminishing tanker orderbook, and higher scrapping. At the beginning of 2021, the tanker orderbook stood at 7.3% of the existing fleet size, the lowest since 1996 and well below the long-term average of around 20%.

The level of new tanker orders still remains very low, with just 3.4 million deadweight tons (mdwt) placed in the second half of 2021. The level of new tanker orders will remain low in the near-term due to rising newbuild prices, mainly due to steel prices and ongoing uncertainty over vessel technology. Tanker scrapping has picked up in recent months. In 2021, approximately 15 million dwt were scrapped versus only 3.5 million dwt in 2020. Scrapping should remain elevated in 2022 due to the combination of an ageing world tanker fleet and weak freight rates in recent quarters, and to higher tanker scrap prices that have now reached over \$650 per tonne, providing incentive for owners with vessels over 20 years old to scrap their vessels.

Global oil demand continued to recover during 2021, but on average did not return to the pre-covid levels. The OPEC+ group continued to unwind crude oil supply cuts, though some countries in the group failed to meet their production targets, while unplanned outages also tempered the crude oil supply increase. As a result, crude oil supply continued to lag behind, leading to a further drawdown in global oil inventories and higher oil prices.

The recent impact of the omicron variant on oil demand and increase in bunker fuel prices arising from high oil prices, has led to a further softening in tanker rates during the latter part of 2021. The expected recovery did not materialize, and average tanker rates fell to multi-decade lows. The tanker weakness was primarily due to an oversupply of vessels in the face of small production increases and drawdown of record oil inventories since 2020.

While the first quarters of 2022 have shown some degree of resurgence of the COVID-19, globally, they have been at a relatively modest level and have not caused serious disruption to date, this year. However, the risk remains and could possibly re-emerge in the winter. Omicron might also slow down demand recovery temporarily in the near term, especially regarding international travel, but not to the extent that strict restrictions should be re-imposed. Many countries have now learnt to live with the virus, although China is reverting to very harsh lockdown measures again, that will probably have economic consequences.

On a more positive note, and more importantly for the tanker market, global oil production is set to increase significantly during 2022 as OPEC+ plans to unwind its remaining crude oil supply cuts by September 2022, while non-OPEC+ production is set to increase due to higher supply from the U.S., Canada and Brazil and from other sources, leading to longer voyages. According to the IEA, global oil supply could increase to 6.3 million mbp/d if all supply comes online as planned. This would provide a significant boost to crude tanker demand in the course of this year and should be a catalyst for recovery. As far as tanker rates are concerned, expectations were disappointed, and in most of 2021, and going into 2022, spot rates remained poor, and only in the first quarter of 2022 have we seen some recovery from multi-year lows, with global oil demand and supply forecasted to revert to and surpass prior levels, mainly due to increases in economic activity as the world continues to return to normality. Fortunate switches from gas to oil have contributed to power generation in parts of Europe and Asia, while U.S. refinery production appears to be increasing, replacing the strategic crude stocks consumed in U.S. refineries, which will especially benefit product tankers. The potential lifting of Iranian and or Venezuelan sanctions, could alter again tanker demand dynamics in 2022. In addition, China specifically may aim to increase crude imports.

As noted above, OPEC barrels are expected to increase in 2022, if all planned supply comes online, providing a major boost to tanker demand as spot tanker rates should begin to recover from multi-year lows as both oil demand and supply are expected to surpass pre-covid levels boosted by a significant increase in oil supply from both OPEC+ and non-OPEC + sources. Global oil demand grew by 1.5 million barrels per day during the fourth quarter of 2021 to over 100 million barrels daily, mainly due to a rise in global mobility and economic activity as the world returns to normality after all the prior disruptions that have occurred in the previous two years. Global oil demand is expected to reach 102 million barrels by the end of this year. During 2021, global oil demand continued to recover, but on average did not return to pre-covid levels. Crude oil cuts continued by OPEC and others, and crude oil supply continued to fall behind demand, resulting in drawdowns from inventories and to higher oil prices.

Sadly, the brutal invasion of Ukraine by Russian forces, apart from the tragic humanitarian crisis, and the enormous threat to world peace, has added more downside risk to the world economy and will continue to have serious negative consequences for growth and stability in Europe, with sanctions likely to continue long-term, especially as Russia is a key producer of many commodities required by all the world, which will contribute to the escalating of global inflation and possibly stagflation, that could lead eventually to a fall in consumption and investments, with serious impact throughout the financial markets world-wide. In this context, the U.S. federal reserve has already started to regularly increase interest rates, clearly an appropriate measure if inflation is to be reined in.

As oil prices continue to rise, the U.S and allies are currently releasing 60 million barrels of oil from strategic reserves to reduce prices, although the measures do not seem to have been very effective to date. Given the current confused environment it is possible that there will be a detrimental impact for the carriage of oil if the situation continues, despite having seen some strong rates in the early part of the year, unless sanctions bite to the extent that lack of cash forces Russia to change strategy.

While oil demand continues to grow, the forecast for the supply of tankers indicates the order book as of March 2022, stands at around 353 tankers, or 5% of the fleet, and is expected to be delivered over the next year, which is the lowest seen in almost 30 years. The low orderbook indicates a balanced market through 2022. The International Energy Agency continues to increase the demand expectation for China and India as the global economy recovers and demand continues to grow. In addition, scrapping prices for large tankers have risen significantly to over \$650 per ldt, which may encourage owners of older vessel to have these vessels recycled, according to the Baltic Exchange. Also, a large part of the fleet is over 15 years of age, about 1,410 vessels, and almost 8% of the fleet is currently at or above 20 years. With the upcoming environmental regulations, we expect to see a push for more tankers approaching or above 20 years of age to go for scrapping.

Our fleet achieved voyage revenues of \$546.1 million in 2021, a decrease of 15.2% from \$644.1 million in 2020. The average size of our fleet increased slightly in 2021 to 65.4 vessels from 65.0 vessels in 2020, and fleet utilization was 92.6% during 2021 compared to 94.2% during 2020. The ongoing impact of the Omicron variant on oil demand led to increased oil prices and reduced production which in turn kept tanker spot rates at low levels especially during the second half of the year. Our average daily time charter rate per vessel, after deducting voyage expenses, decreased to \$17,037 in 2021 from \$23,638 in 2020, mainly due to weak market rates and increased number of vessels that underwent their dry dockings. Operating expenses decreased by 3.3% to \$173.3 million in 2021 from \$179.2 million in 2020, mainly due to sale of older vessels and reduced tax payment to the Greek state than that originally estimated.

With respect to our Company, depreciation and amortization totaled \$143.3 million in 2021 compared to \$137.1 million in 2020 due to increased amortization expenses from \$9.8 million in 2020 to \$16.4 million in 2021. General and administrative expenses, which include management fees and incentive awards were \$29.1 million in 2021 and \$29.0 million in 2020, a slight increase mainly due to increased consultant fees.

In 2021, the review of the carrying amounts in connection with the estimated recoverable amount and the probability of sale for certain of the Company's vessels as of December 31, 2021, indicated the need for a \$86.4 million impairment charge. In 2020, the Company recognized a \$28.8 million impairment charge, due to reclassifications of vessels held for sale.

There was operating loss of \$119.9 million in 2021 compared to \$96.7 million operating income in 2020. Interest and finance costs, net, decreased by 55.5% in 2021 or \$39.2 million, mainly due to decreased interest rates and decreased level of average debt during the year.

Net loss attributable to the Company was \$151.4 million in 2021 compared to \$24.0 million net income in 2020. The effect of preferred dividends in 2021, inclusive of deemed dividends, was \$35.8 million compared to \$39.1 million in 2020. Net loss per share (basic and diluted) was \$9.53 in 2021, including the effect of preferred dividends, based on 19.7 million weighted average shares outstanding (basic and diluted), compared to a net loss of \$0.80 per share in 2020 based on 18.8 million weighted average shares outstanding (basic and diluted).

Some of the more significant developments for the Company during 2021 were:

- the partial redemption of 2,155,714 of its Series G Convertible Preferred Shares in exchange for Shyris Shipping Preferred Shares;
- the issuance of 6,049,498 common shares and 92,093 Series D Preferred Shares 143,708 Series E and 741,259 Series F Preferred Share issuances;
- the dry-docking of *Afrodite*, *Ariadne*, *Alaska*, *Archangel*, *Ulysses*, *Inca*, *Spyros K*, *Dimitris P*, *Proteas*, *Promitheas*, *Amphitrite*, *Elias Tsakos*, *Thomas Zafiras*, *Sunray*, *Sunrise*, *Andes*, *Maria Energy*, *Leontios H*, *Parthenon TS*, *Propontis* and *Hercules I* for their mandatory special or intermediate survey;
- the sale of *Maya*;
- the completion of the sale and leaseback transactions relating to the suezmaxes *Arctic* and *Antarctic*;
- the payment to holders of Shyris Shipping Preferred Shares of dividends totaling \$0.9 million in aggregate;
- the payment to holders of Series D preferred shares of dividends totaling \$7.6 million in aggregate;
- the payment to holders of Series E preferred shares of dividends totaling \$10.8 million in aggregate;
- the payment to holders of Series F preferred shares of dividends totaling \$15 million in aggregate;
- the payment to holders of Series G Convertible Preferred Shares of dividends totaling \$0.05 million in aggregate; and
- dividends to holders of common shares totaling \$0.10 per share with or \$2 million in aggregate.

The Company operated the following types of vessels during and at the end of 2021:

Vessel Type	LNG carrier	VLCC	Suezmax	Suezmax DP2 shuttle	Aframax	Panamax	Handymax MR2	Handysize MR1	Total Fleet
Average number of vessels	2.0	2.0	14.0	3.0	22.0	10.4	6.0	6.0	65.4
Number of vessels at end of year	2.0	2.0	14.0	3.0	22.0	10.0	6.0	6.0	65.0
Dwt at end of year (in thousands)	178.9	600.0	2,246	468.4	2,443	731	318.5	223	7,209
Percentage of total fleet (by dwt at year end)	2.5%	8.3%	31.2%	6.5%	33.9%	10.1%	4.4%	3.1%	100.0%
Average age, in years, at end of year	9.9	5.3	11.4	7.4	8.9	12.6	16.5	14.9	10.2

We believe that the key factors which determined our financial performance in 2021, within the given freight rate environment in which we operated, were:

- the diversified aspect of the fleet, including purpose-built vessels to access ice-bound ports, carry LNG and operate shuttle tankers between offshore installations and on-shore terminals, which allowed us to take advantage of all tanker sectors;
- the benefits of the new vessels acquired in recent years in terms of operating efficiencies and desirability on the part of charterers;
- our balanced chartering strategy (discussed further below), which ensured a stable cash flow while allowing us to take advantage of potential upside in the freight market;
- the long-established relationships with our chartering clients and the development of new relationships with renowned oil-majors;
- the level of utilization for our vessels;
- the continued control over costs by our technical managers despite pressures caused by rising operating costs;
- our ability to mitigate financial costs by negotiating competitive terms with reputable banks;
- our ability to manage leverage levels through cash generation and repayment/prepayment of debt;

- our ability to comply with the terms of our financing arrangements, including loan-to-value requirements;
- our ability to reward our shareholders through cash dividends;
- our ability to raise new financing through bank debt at competitive terms despite a generally tight credit environment;
- our ability to access the capital markets and raise new financing on competitive terms; and
- the sale of vessels when attractive opportunities arise.

We believe that the above factors will also influence our future financial performance and will play a significant role in the current world economic climate as we proceed through 2021 and into 2022. To these may be added:

- any recovery of the product and crude oil tanker charter markets during the year;
- any additional vessel acquisitions or newbuildings;
- the appetite of oil majors to fix vessels on medium to long term charters at attractive rates; and
- our ability to build our cash reserves through operations, vessel sales and capital market products.

Below please see data regarding our fleet for the years ended December 31, 2019, 2020 and 2021, which we use in analyzing our performance.

#### Fleet Data

Average number of vessels	65.4	65.0	64.2
Number of vessels (at end of period)	65.0	66.0	65.0
Average age of fleet (in years) <sup>(1)</sup>	10.2	9.3	9.1
Earnings capacity days <sup>(2)</sup>	23,864	23,781	23,432
Off-hire days <sup>(3)</sup>	1,774	1,387	890
Net earnings days <sup>(4)</sup>	22,090	22,394	22,542
Percentage utilization <sup>(5)</sup>	92.6%	94.2%	96.2%
Average TCE per vessel per day <sup>(6)</sup>	\$ 17,037	\$ 23,638	\$ 21,378
Vessel operating expenses per ship per day <sup>(7)</sup>	\$ 7,728	\$ 7,821	\$ 7,716
Vessel overhead burden per ship per day <sup>(8)</sup>	\$ 1,221	\$ 1,221	\$ 1,182

- (1) The average age of our fleet is the age of each vessel in each year from its delivery from the builder, weighted by the vessel's deadweight tonnage ("dwt") in proportion to the total dwt of the fleet for each respective year.
- (2) Earnings capacity days are the total number of days in a given period that we own or control vessels.
- (3) Off-hire days are days related to repairs, dry-dockings and special surveys, vessel upgrades and initial positioning after delivery of new vessels.
- (4) Net earnings days are the total number of days in any given period that we own vessels less the total number of off-hire days for that period.
- (5) Percentage utilization represents the percentage of earnings capacity days that the vessels were actually employed, i.e., net earnings days as a percentage of earnings capacity days.
- (6) The shipping industry uses time charter equivalent, or TCE, to calculate revenues per vessel in dollars per day for vessels on voyage charters. The industry does this because it does not commonly express charter rates for vessels on voyage charters in dollars per day. TCE allows vessel operators to compare the revenues of vessels that are on voyage charters with those on time charters. TCE is a non-GAAP measure. For vessels on voyage charters, we calculate TCE by taking revenues earned on the voyage and deducting voyage expenses (bunker fuel, port expenses, canal dues, charter commissions) and dividing by the actual number of voyage days. For the year ended December 31, 2021 and 2020, TCE is calculated by taking voyage revenue less voyage costs divided by the number of revenue days less 805 days and 917 days, respectively, lost as a result of calculating revenue on a loading to discharge basis. For vessels on bareboat charter, for which we do not incur either voyage or operation costs, we calculate TCE by taking revenues earned on the charter and adding a representative amount for vessel operating expenses. TCE differs from average daily revenue earned in that TCE is based on revenues after voyage expenses and does not take into account off-hire days.
- (7) Vessel operating expenses per ship per day represents vessel operating expenses divided by the earnings capacity days of vessels incurring operating expenses. Earnings capacity days of vessels on bareboat charters have been excluded.
- (8) Vessel overhead burden per ship per day is the total of management fees, management incentive awards, stock compensation expense and general and administrative expenses divided by the total number of earnings capacity days.

Derivation of time charter equivalent per day (amounts in thousands of U.S. dollars except for days and per day amounts):

	2021	2020	2019
Voyage revenues	\$ 546,120	\$ 644,135	\$ 597,452
Less: Voyage expenses	(198,078)	(145,267)	(125,802)
Add: Representative operating expenses for bareboat charter (\$10,000 daily)	14,600	8,800	720
Time charter equivalent revenues	362,642	507,668	472,370
Net earnings days	21,285	21,477	22,096
Average TCE per vessel per day	\$ 17,037	\$ 23,638	\$ 21,378

## Impact of COVID-19 on our Business

The impact of the COVID-19 pandemic continues to unfold and it may continue to negatively affect the global economy and energy consumption which may have a negative effect on the Company's business, financial performance and the results of its operations. As discussed above, the impact of the COVID-19 pandemic has negatively impacted demand for oil in 2020, 2021 and in early 2022. In the first half of 2020, while LNG charter rates weakened, crude and product tanker freight and charter rates remained strong, in part due to off-shore oil storage and longer-haul voyages reducing the number of vessels available for trade; however, the COVID-19 pandemic contributed to a continued slowdown in the global economy and demand for oil which resulted in decreased demand for seaborne transportation of oil and oil products, beginning in the third quarter of 2020, and a continued decline in demand for seaborne transportation of LNG, and in turn charter rates for our vessels not fixed on long-term fixed-rate charters, which dynamics continued into early 2022, when the conflict in the Ukraine also began to have a significant impact. Travel restrictions imposed on a global level also caused disruptions in scheduled crew changes on our vessels and delays in carrying out of certain hull repairs and maintenance during 2020 and 2021, which disruptions could also continue to affect our operations. The extent to which these circumstances continue to affect us will depend largely on future developments.

## Chartering Strategy

We typically charter our subsidiaries' vessels to third parties on any of five basic types of charter. First are "voyage charters" or "spot voyages," under which a shipowner is paid freight on the basis of moving cargo from a loading port to a discharging port at a given rate per ton or other unit of cargo. Port charges, bunkers and other voyage expenses (in addition to normal vessel operating expenses) are the responsibility of the shipowner.

Second are "time charters," under which a shipowner is paid hire on a per day basis for a given period. Normal vessel operating expenses, such as stores, spares, repair and maintenance, crew wages and insurance premiums, are incurred by the shipowner, while voyage expenses, including bunkers and port charges, are the responsibility of the charterer. The time charterer decides the destination and types of cargoes to be transported, subject to the terms of the charter. Time charters can be for periods of time ranging from one or two months to more than three years. The agreed hire may be for a fixed daily rate throughout the period or may be at a guaranteed minimum fixed daily rate plus a share of a determined daily rate above the minimum, based on a given variable charter index or on a decision by an independent brokers' panel for a defined period. Many of our charters have been renewed on this time charter with profit share basis over the past three years. Time charters can also be "evergreen," which means that they automatically renew for successive terms unless the shipowner or the charterer gives notice to the other party to terminate the charter.

Third are "bareboat charters" under which the shipowner is paid a fixed amount of hire for a given period. The charterer is responsible for substantially all the costs of operating the vessel including voyage expenses, vessel operating expenses, dry-docking costs and technical and commercial management. Longer-term time charters and bareboat charters are sometimes known as "period charters."

Fourth are "contracts of affreightment" which are contracts for multiple employments that provide for periodic market related adjustments, sometimes within prescribed ranges, to the charter rates.

Fifth are "pools". Where one or more of our subsidiaries' vessel may also operate within a pool of similar vessels for part of the year whereby all income (less voyage expenses) is earned on a market basis and shared between pool participants on the basis of a formula which takes into account the vessel's age, size and technical features. During 2021, seven of our subsidiaries had vessels operating in a pool compared to none in 2020.

Our chartering strategy continues to be one of fixing the greater portion of our fleet on medium to long-term employment to secure a stable income flow, but one which also ensures a satisfactory return. This strategy has enabled us to smooth the effects of the cyclical nature of the tanker industry, achieving almost optimal utilization of the fleet. In order to capitalize on possible upturns in rates, we have chartered out several of our vessels at a fixed minimum rate plus an extra agreed percentage of an amount based on market spot or time-charter rates ("profit-share").

Our Board of Directors, through its Business Development and Capital Markets Committee, formulates our chartering strategy and our commercial manager Tsakos Energy Management implements this strategy through the Chartering Department of Tsakos Shipping, which evaluates the opportunities for each type of vessel, taking into consideration the strategic preference for medium and long-term charters and ensure optimal positioning to take account of redelivery opportunities at advantageous rates.

The cooperation with Tsakos Shipping, which provides the fleet with chartering services, enables us to take advantage of the long-established relationships Tsakos Shipping has built with many of the world's major oil companies and refiners over 50 years of existence and high quality commercial and technical service.

Since July 1, 2010, through our cooperation with TCM, our technical managers, we may take advantage of the inherent economies of scale associated with two large fleet operators working together and its commitment to contain running costs without jeopardizing the vessels' operations. TCM provides top grade officers and crew for our vessels and first-class superintendent engineers and port captains to ensure that the vessels are in prime condition.

### **Critical Accounting Estimates**

The consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. Significant accounting policies are described in Note 1 of the consolidated financial statements included elsewhere in this annual report. The application of such policies may require management to make estimates and assumptions. We believe that the following are the more critical accounting estimates used in the preparation of our consolidated financial statements that involve a higher degree of judgment and could have a significant impact on our future consolidated results of operations and financial position:

**Depreciation.** The Company's subsidiaries' vessels are depreciated on a straight-line basis over their estimated useful lives, after considering their estimated residual values, based on the assumed value of the scrap steel available for recycling after demolition, calculated at \$390 per lightweight ton. Given the historical upward trend in scrap prices, management revised the scrap price from \$390 to \$430 since October 1, 2021. The estimate was based on the average demolition prices prevailing in the market during the previous four years for which historical data were available. The Company will continue to monitor prices going forward and where a distinctive trend is observed over a given length of time, management may consider revising the scrap price accordingly. In assessing the useful lives of vessels, we have adopted the industry-wide accepted practice of assuming a vessel has a useful life of 25 years (40 years for the LNG carriers), given that all classification society rules have been adhered to concerning survey certification and statutory regulations are followed.

**Impairment.** The carrying value of the Company's vessels includes the original cost of the vessels plus capitalized expenses since acquisition relating to improvements and upgrading of the vessel, less accumulated depreciation. Carrying value also includes the unamortized portion of deferred special survey and dry-docking costs. The carrying value of vessels usually differs from the fair market value applicable to any vessel, as market values fluctuate continuously depending on the market supply and demand conditions for vessels, as determined primarily by prevailing freight rates and newbuilding costs. The Company reviews and tests all vessels and vessels under construction for impairment at each quarter-end when indications of impairment are present and- at any time that specific vessels may be affected by events or changes in circumstances indicating that the carrying amount of the vessel including any unamortized dry-docking costs may not be recoverable, such as during severe disruptions in global economic and market conditions, and unexpected changes in employment. A vessel to be held and used is tested for recoverability by comparing the estimate of future undiscounted net operating cash flows expected to be generated by the use of the vessel over its remaining useful life and its eventual disposition to its carrying amount including any unamortized dry-docking costs. The average age of our vessels is approximately 10.4 years as of April 21, 2022. The average remaining operational life is, therefore, 14.6 years, excluding the LNG carriers. Given the extensive remaining lives, we do not believe that there is a significant risk of not generating future undiscounted net operating cash flows in excess of carrying values including any unamortized dry-docking costs, however, as indicated above, circumstances may change at any time which would oblige us to reconsider the extent of risk of impairment.

Future undiscounted net operating cash flows are determined by applying various assumptions regarding future revenues net of commissions, operating expenses, scheduled dry-dockings and expected off-hire and scrap values. Our projections for charter revenues are based on existing charter agreements for the fixed fleet days and an estimated daily average hire rate per vessel category for the unfixed days based on the most recent ten-year historical averages publicly provided by major brokers, which, given the wide spread of annual rates between the peaks and troughs over the decade, we believe provides as fair as any other assumption that could

be used in determining a rate for a long-term forecast. In addition, we apply a 2% annual escalation in rates to take account of published long-term growth and inflation expectations in the developed world. Future operating costs are based on the 2021 average per individual vessel and vessel type to which we also apply a 2% annual escalation. Residual or scrap value is based on the same scrap price used for depreciation purposes as described above. All such estimations are inevitably subjective. In addition, the Company performs sensitivity analyses on the key parameters of the exercise by making use of publicly available market forecasts. Actual freight rates, industry costs and scrap prices may be volatile. As a consequence, estimations may differ considerably from actual results.

Where a vessel is deemed to be a risk, we also take into account the age, condition, specifications, marketability and likely trading pattern of each such vessel, and apply various possible scenarios for employment of the vessel during its remaining life. We prepare cash flows for each scenario and apply a percentage possibility to each scenario to calculate a weighted average expected cash flow for the vessel for assessing whether an impairment charge is required. The estimations also take into account regulations regarding the permissible trading of tankers depending on their structure and age.

While management, therefore, is of the opinion that the assumptions it has used in assessing whether there are grounds for impairment are justifiable and reasonable, the possibility remains that conditions in future periods may vary significantly from current assumptions, which may result in a material impairment loss. If current economic conditions stall, worsen or if the upward trend in oil prices continues rise for an extended period, oil demand could be negatively impacted over an extended period of time. This would exacerbate the consequences of overcapacity in the tanker sector. In such circumstances, the possibility will increase that both the market value of the older vessels of our fleet and the future cash flow they are likely to earn over their remaining lives will be less than their carrying value and an impairment loss will occur.

Should the carrying value of the vessel, including any unamortized dry-docking costs exceed its estimated undiscounted cash flows, impairment is measured based on the excess of the carrying amount over the fair value of the asset. The fair values are determined based principally on or by corroborated observable market data. Inputs considered by management in determining the fair value include independent brokers' valuations. As vessel values are also volatile, the actual market value of a vessel may differ significantly from estimated values within a short period of time.

The Company would not record an impairment charge for any of the vessels for which the fair market value is below its carrying value including any unamortized dry-docking costs unless and until the Company either determines to sell the vessel for a loss or determines that the vessel's carrying amount including any unamortized dry-docking costs is not recoverable.

For the impairment of right-of use-assets, we compare the carrying amount including any leasehold improvements, with the estimated future undiscounted net operating cash flows expected to be generated by the use of the vessels, considering three-year charter rates estimates and the average of those, over the remaining lease term.

As noted above, we determine projected cash flows for unfixed days using an estimated daily time charter rate based on the most recent ten-year historical average rates, inflated annually by a 2.0% growth rate. We consider this approach to be reasonable and appropriate. However, charter rates are subject to change based on a variety of factors that we cannot control and we note that charter rates over the last few years have been, on average, below their historical ten year average. If as at December 31, 2021 and 2020, we were to utilize an estimated daily time charter equivalent for our vessels' unfixed days based on the most recent five year, three year or one year historical average rates for one-year time charters, the impairment results would be the following:

	As of December 31, 2021		As of December 31, 2020	
	Number of Vessels(*)	Amount (U.S.\$ millions) (**)	Number of Vessels(*)	Amount (U.S.\$ millions)(**)
5-year historical average rate	0	0	0	0
3-year historical average rate	0	0	0	0
1-year historical average rate	10	136.7	0	0

(\*) Number of vessels the carrying value of which would not have been recovered, other than the seven vessels for which we recorded an impairment charge as of December 31, 2021.

(\*\*) Aggregate carrying value that would not have been recovered.

Although we believe that the assumptions used to evaluate potential impairment are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how long charter rates and vessel values will remain at their current levels or whether they will again decline or improve by any significant degree. Charter rates decreased to historically low levels during 2021 and into 2022, before improving in March and April of 2022. However, the effects of the conflict in Ukraine may have a negative effect on our revenue and profitability, and future assessments of vessel impairment.

At December 31, 2021, our review of the carrying amounts of the vessels, including advances for vessels under construction and right-of-use-assets in connection with the estimated recoverable amount did not indicate an impairment of their carrying values, apart from six handymax product carriers and one aframax product carrier.

At December 31, 2021, the market value of the fleet owned by our subsidiary companies, as determined based on management estimates and assumptions and by making use of available market data and taking into consideration third party valuations, was \$2.0 billion, compared to a total carrying value of \$2.4 billion, following the impairment charge. Other than the impaired vessels, there were 46 vessels in our fleet, whose carrying values exceeded their market values. The future undiscounted net operating cash flows expected to be generated by each of these vessels in the fleet was comfortably in excess of its respective carrying value. As determined at December 31, 2021, the aggregate carrying value of these 46 vessels was \$2.0 billion, and the aggregate market value of these vessels was \$1.5 billion. These vessels were:

- LNG: *Neo Energy, Maria Energy*
- VLCC: *Ulysses, Hercules I*
- Suezmax: *Spyros K, Dimitris P, Eurovision, Euro, Pentathlon, Decathlon, Apollo Voyager, Artemis Voyager*
- Aframax: *Promitheas, Propontis, Izumo Princess, Maria Princess, Nippon Princess, Ise Princess, Asahi Princess, Sapporo Princess, Uruga Princess, Elias Tsakos, Thomas Zafiras, Leontios H, Parthenon TS, Marathon TS, Oslo TS, Sola TS, Stavanger TS, Bergen TS*
- Panamax: *Selecao, Socrates, Andes, Inca, World Harmony, Chantal, Selini, Salamina, Sunray, Sunrise*
- Handysize: *Byzantion, Bosporos, Aegeas, Andromeda, Amphitrite, Arion*

#### **Critical Accounting Policies**

Critical accounting policies are those that are both most important to the portrayal of the company's financial condition and results, and require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. Together with critical accounting estimates above, we have also described below our critical accounting policies, because they potentially result in material different results under different assumptions and conditions. Significant accounting policies are described in Note 1 of the consolidated financial statements included elsewhere in this annual report.

**Accounting for Leases.** On January 1, 2019, the Company adopted ASC 842 – Leases, using the optional transition method along with the package of practical expedients that allows companies not to reassess whether any expired or expiring contracts are or contain leases, lease classification for any expired or expiring leases and initial direct costs for any expired or expiring leases. Following the adoption and based on the Company’s analysis, there was no cumulative effect adjustment to the opening balance of retained earnings. The adoption of ASC 842 resulted in a change in the accounting method for the lease portion of the daily charter hire for our chartered-in vessels accounted for as operating leases with firm periods of greater than one year.

**Accounting for Revenue.** The Company’s subsidiaries’ vessels are employed under a variety of charter contracts, including voyage charters and contracts of affreightment, time charter, bareboat charter agreements (including profit sharing clauses) or pooling arrangements. Time and bareboat charter revenues are recorded over the term of the charter as the service is provided. Revenue under pooling arrangements is accounted for as a variable rate operating leases and is recognized for the applicable period, when the collectability is reasonably assured, based on the net revenue distributed by the pool. Revenues from profit sharing arrangements are recognized to the extent the variable amounts earned beyond an agreed fixed minimum hire at the reporting date and all other revenue recognition criteria are met. Revenues generated under voyage charter agreements and contracts of affreightment are recognized ratably from the date of loading (Notice of Readiness to the charterer, that the vessel is available for loading) to discharge of cargo (loading-to-discharge), in accordance with ASC 606.

#### **Basis of Presentation and General Information**

*Voyage revenues.* Revenues are generated from freight billings and time charters. Time and bareboat charter revenues are recorded over the term of the charter as the service is provided. Revenues from voyage charters on the spot market or under contracts of affreightment are recognized from the date of loading (Notice of Readiness to the charterer, that the vessel is available for loading) to discharge date of cargo (loading-to-discharge). The operating revenues of vessels operating under a tanker pool are pooled and are allocated to the pool participants on a time charter equivalent basis according to an agreed upon formula. Revenues from profit sharing arrangements are accounted for as a variable consideration and included in the transaction price to the extent that variable amounts earned beyond an agreed fixed minimum hire are determinable at the reporting date and when there is no uncertainty associated with the variable consideration. Profit sharing revenues are calculated at an agreed percentage of the excess of the charter’s average daily income over an agreed amount. Unearned revenue represents cash received prior to the year-end for which related service has not been provided, primarily relating to charter hire paid in advance to be earned over the applicable charter period and to revenue resulting from charter agreements with varying rates.

Time Charter Equivalent (“TCE”) allows vessel operators to compare the revenues of vessels that are on voyage charters with those on time charters. For vessels on voyage charters, we calculate TCE by taking revenues earned on the voyage (on a loading to discharge basis) and deducting the voyage costs and dividing by the actual number of net earning days, which does not take into account off-hire days. For vessels on bareboat charters, for which we do not incur either voyage or operating costs, we calculate TCE by taking revenues earned on the charter and adding a representative amount for the vessels’ operating expenses. TCE differs from average daily revenue earned in that TCE is based on revenues after commissions less voyage expenses and does not take into account off-hire days.

*Commissions.* We pay commissions on all chartering arrangements to Tsakos Shipping, as our broker, and to any other broker we employ. Each of these commissions generally amounts to around 1.25%, although there can be some limited variance, particularly for charters involving multiple brokers, of the daily charter hire or lump sum amount payable under the charter. In addition, on some trade routes, certain charterers may include in the charter agreement an address commission which is a payment due to the charterer, usually ranging from 1.25% to 3.75% of the daily charter hire or freight payable under the relevant charter. These commissions, as well as changes in prevailing charter rates, will cause our commission expenses to fluctuate from period to period. Commissions are expensed as incurred.

*Voyage expenses.* Voyage expenses include all our costs, other than vessel operating expenses, that are related to a voyage, including charter commissions, port charges, canal dues and bunker fuel costs. Voyage expenses that qualify as contract fulfillment costs and are incurred from the latter of the end of the previous vessel employment, provided that the vessel is fixed, or from the date of inception of a voyage charter contract until the arrival at the loading port, are capitalized and amortized ratably over the total transit time of the voyage (loading-to-discharge) when the relevant criteria under ASC 340-40 are met.

*Charter hire expense.* We hire certain vessels from third-party owners or operators for a contracted period and rate in order to charter the vessels to our customers. These vessels may be hired when an appropriate market opportunity arises or as part of a sale and lease back transaction or on a short-term basis to cover the time-charter obligations of one of our vessels in dry-dock. Since December 31, 2010, the Company had not had any vessels under hire from a third-party, until December 2017, when two vessels were sold and chartered back to the Company for five years. As of December 31, 2021, the Company had seven vessels which were sold and chartered back to the Company for five years. Following adoption of ASC 842 and the package of practical expedients, the Company continues to account these transactions as operating leases, recognizing right-of-use asset and corresponding lease liability.

*Vessel operating expenses.* These expenses consist primarily of manning, hull and machinery insurance, P&I and other vessel insurance, repairs and maintenance, spares, stores and lubricant costs. All vessel operating expenses are expensed as incurred.

*Depreciation and Amortization of deferred charges and leasehold improvements.* We depreciate our vessels on a straight-line basis over their estimated useful lives, after considering their estimated scrap values. Since steel prices have increased significantly during the last years and are expected to be in high levels for the coming years, effective October 1, 2021, our estimate for scrap values was increased from \$390 to \$430 per lightweight ton. This change in estimation is expected to result in positive impact of \$3.0 million to our 2022 financial results. In assessing the useful lives of vessels, we have estimated them to be 25 years (40 years for the LNG carriers), which is in line with the industry wide accepted practice, assuming that all classification society rules have been adhered to concerning survey certification and statutory regulations are followed. Useful life is ultimately dependent on customer demand and if customers were to reject our vessels, either because of new regulations or internal specifications, then the useful life of the vessel will require revision.

We amortize the costs of dry-docking and special surveys of each of our ships over the period up to the ship's next scheduled dry-docking (generally every 5 years for vessels aged up to 15 years and every 2.5 years thereafter). These charges are part of the normal costs we incur in connection with the operation of our fleet.

We amortize the costs of leasehold improvement costs on a straight-line basis over the shorter of the useful life of those leasehold improvements and the remaining lease term.

*Impairment loss.* An impairment loss for an asset held for use, for advances for vessels under construction and for right-of-use assets should be recognized when indicators of impairment exist and when the estimate of undiscounted cash flows expected to be generated by the use of the asset is less than its carrying amount (the vessel's net book value plus any unamortized deferred dry-docking charges or leasehold improvements). Measurement of the impairment loss is based on the fair value of the asset as determined by reference to available market data and considering valuations provided by third parties. An impairment loss for an asset held for sale is recognized when its fair value less cost to sell is lower than its carrying value at the date it meets the held for sale criteria and at subsequent measurement dates. In this respect, management reviews regularly the carrying amount of the vessels in connection with the estimated recoverable amount for each of the Company's vessels. As a result of such reviews, it was determined that in 2021, an impairment charge was required for seven vessels, *Aris*, *Ajax*, *Afrodite*, *Apollon*, *Artemis*, *Ariadne*, and *Proteas*. In 2020, there was an impairment charge for four vessels, *Arctic*, *Antarctic*, *Izumo Princess* and *Sakura Princess*. In 2019 there was an impairment charge for seven vessels *Amphitrite*, *Arion*, *Andromeda*, *Aegeas*, *Izumo Princess*, *Archangel* and *Alaska*.

*General and administrative expenses.* These expenses consist primarily of professional fees, office supplies, investor relations, advertising costs, directors' and officers' liability insurance, directors' fees, reimbursement of our directors' and officers' travel-related expenses and incentive awards and management fees. Management fees are the fixed fees we pay to Tsakos Energy Management under our management agreement with them. Monthly management fees remain the same as in 2021, 2020 and 2019, apart from vessels managed by third party managers. Monthly management fees for five third party managed vessels were \$28.0 thousand for 2021 (\$27.7 thousand for 2020 and \$27.5 thousand for 2019). The monthly fee for the LNG carriers, managed by third party managers, were \$37.8 thousand for 2021 (and \$37.3 thousand for 2020 and \$36.9 thousand for 2019). Monthly management fees for all the remaining operating vessels were \$27.5 thousand per owned vessel, for the suezmax DP2 shuttle tankers were \$35.0 thousand, and \$20.4 thousand for chartered-in vessels or vessels chartered out on a bareboat basis or under construction. For 2022, no increase has been agreed by April 21, 2022, apart from twelve vessels managed by third party managers. The fees are recorded under "General and Administrative Expenses."

*Insurance claim proceeds.* In the event of an incident involving one of our vessels, where the repair costs or loss of hire is insurable, we immediately initiate an insurance claim and account for such claim when it is determined that recovery of such costs or loss of hire is probable and collectability is reasonably assured within the terms of the relevant policy. Depending on the complexity of the claim, we would generally expect to receive the proceeds from claims within a twelve-month period. During the 2021 /22 policy year, we received approximately \$8.1 million in net proceeds from hull and machinery and loss of hire claims arising from incidents where damage was incurred by six of our vessels in a previous policy year. Such settlements were generally received as credit-notes from our insurer, Argosy Insurance Company Limited, and set off against insurance premiums due to that company. Therefore, within the consolidated statements of cash flows, these proceeds are included in decreases in receivables and in decreases in accounts payable. There is no material impact on reported earnings arising from these settlements.

The Company's P&I renewals as of February 20, 2022 saw an increase in costs of 14.66% partly due to the International Group of P&I Clubs' need to increase their income after several years of premium reductions and partly due to the claim on the Group reinsurance contract resulting from the damage incurred by our tanker "Sola TS" when hit by the Norwegian frigate "HELGE INGSTAD" in November 2018.

#### Financial Analysis

(Percentage calculations are based on the actual amounts shown in the accompanying consolidated financial statements)

#### Year ended December 31, 2021 versus year ended December 31, 2020

##### Voyage revenues

Voyage revenues earned in 2021 and 2020 per charter category were as follows:

	2021		2020	
	U.S. \$ million	% of total	U.S. \$ million	% of total
Time charter-bareboat	25.2	5%	13.4	2%
Time charter-fixed rate	191.4	35%	240.1	37%
Time charter-variable rate (profit share)	67.0	12%	131.5	21%
Pool	7.5	1%	-	-
Voyage charter-contract of affreightment	9.0	2%	12.7	2%
Voyage charter-spot market	246.0	45%	246.4	38%
<b>Total voyage revenue</b>	<b>546.1</b>	<b>100%</b>	<b>644.1</b>	<b>100%</b>

Revenue from vessels amounted to \$546.1 million during the year ended December 31, 2021, compared to \$644.1 million during 2020, a 15.2% decrease mainly due to weak market conditions during 2021. There was an average of 65.4 vessels operating in 2021 compared to an average of 65.0 vessels in 2020. Based on the total days that the vessels were actually employed as a percentage of the days owned or chartered-in, the fleet had 92.6% employment in 2021 compared to 94.2% in 2020, the increase in lost time being mainly due to the additional number of dry-dockings undertaken and the increased number of ballast days under spot and contracts of affreightment ("coa") voyages during 2021 compared to 2020.

Market conditions for tankers remained weak throughout 2021 with an improvement in March and April 2022. The prolonged impact of COVID -19 and its variants on negative global oil demand caused a significant increase in bunker fuel prices, led to unprecedented multi-decade lows in the spot tanker rates during the latter part of 2021. Global oil demand continued to recover during the year but on average did not return to the pre-Covid levels. The OPEC+ group continued to unwind crude oil supply cuts, though some countries in the group failed to meet their production targets, while unplanned outages in countries outside of the OPEC+ group also tempered the crude oil supply increase. As a result, crude oil supply continued to lag demand, leading to a further drawdown in global oil inventories, higher oil prices, and a steepening of the backwardation in the crude oil price futures curve during the fourth quarter of 2021.

The average time charter equivalent rate per vessel in 2021 was \$17,037 per day, a decrease of 28% from \$23,638 per day in 2020 due to the softening of the market during 2021, negatively affecting all vessel types and sizes in our fleet apart from our DP2 shuttle vessels which showed a slight increase of 4%. The average daily TCE per vessel for the remaining categories were well below the prior year's average levels, with decreases ranging from 24% to 51% in 2021 compared to the equivalent period of 2020.

Average daily TCE rates earned for the years ended December 31, 2021 and 2020, were as follows:

	Year ended December 31,	
	2021	2020
	U.S. \$	U.S. \$
LNG carrier	40,588	55,253
VLCC	20,639	42,346
Suezmax	14,396	24,920
DP2 shuttle	53,059	51,212
Aframax	16,793	22,174
Panamax	13,009	18,277
Handymax	8,040	12,741
Handysize	9,553	13,779

*TCE is calculated by taking voyage revenues less voyage costs divided by the number of revenue days less 805 days lost as a result of calculating revenue on a loading to discharge basis for the year ended December 31, 2021 compared to 917 days lost for the year ended December 31, 2020. In the case of a bare-boat charter, we add an estimate of operating expenses of \$10,000 per day in order to render the bare-boat charter comparable to a time-charter. Time charter equivalent revenue and TCE rate are not measures of financial performance under U.S. GAAP and may not be comparable to similarly titled measures of other companies. However, TCE is a standard shipping industry performance measure used primarily to compare period-to-period changes in shipping performance despite changes in the mix of charter types (i.e. spot voyage charters, time charters and bare-boat charters) under which the vessels may be employed between the periods. The following table reflects the calculation of our TCE rates for the periods presented (amount in thousands of U.S. dollars, except for TCE rate, which is expressed in U.S. dollars, and operating days):*

	Year ended December 31,	
	2021	2020
Voyage revenues	\$ 546,120	\$ 644,135
Less: Voyage expenses	(198,078)	(145,267)
Add: Representative operating expenses for Bareboat charter (\$10,000 daily)	14,600	8,800
Time charter equivalent revenues	\$ 362,642	\$ 507,668
Divided by: net earnings (operating) days	21,285	21,477
Average TCE per vessel per day	\$ 17,037	\$ 23,638

## Voyage expenses

	Total voyage expenses per category Year ended December 31,			Average daily voyage expenses per relevant vessel Year ended December 31,		
	2021	2020	% increase/ (decrease)	2021	2020	% increase/ (decrease)
	U.S.\$ million	U.S.\$ million		U.S.\$	U.S.\$	
Bunkering expenses	114.0	74.0	54.2%	12,864	9,429	36.4 %
Port and other expenses	63.3	47.6	33.0%	7,137	6,066	17.7 %
Commissions	20.8	23.7	(12.3) %	2,347	3,025	(22.4) %
<b>Total voyage expenses</b>	<b>198.1</b>	<b>145.3</b>	<b>36.4%</b>	<b>22,349</b>	<b>18,520</b>	<b>20.7 %</b>
<i>Days on spot and Contract of Affreightment (COA)employment</i>				8,863	7,844	13%

Voyage expenses include port charges, agents' fees, canal dues, commissions and bunker (fuel) costs relating to spot charters or contracts of affreightment. These voyage expenses are borne by the Company unless the vessel is on time charter or bareboat charter, in which case they are borne by the charterer. Commissions are borne by the Company for all types of charters. Voyage expenses were \$198.1 million during 2021 compared to \$145.3 million in 2020, a 36.4% increase mainly correlated to the number of operating days on spot charters and contracts of affreightment which totaled 8,863 days in 2021 and 7,844 days in 2020, a 13.0% increase.

Voyage expenses are highly dependent on the voyage patterns followed and size of vessels employed on spot charter or contract of affreightment. Bunkering purchases typically constitute the largest part of voyage expenses and therefore the usual volatility and price swings of crude oil in any given time of the year affect bunker prices and consequently voyage expenses. The sharp increase in oil prices during 2021 resulted in an 46.6% increase in average delivered price paid by the Company for the bunkers procured globally during 2021 and an 36.4% increase in average daily bunker expenses for the year ended December 31, 2021, compared to 2020. Additionally, during 2021, there was an increase of 33% in the amount of port expenses, mainly attributed to the increased port calls, boosted by less stringent travel restrictions on crew changes, with daily port expenses reaching \$7,137 from \$6,066 in the prior year.

[Table of Contents](#)

Commissions in 2021 totaled \$20.8 million compared to \$23.7 million in 2020, a 12.3% decrease. As commissions are highly correlated with revenue patterns, the decrease in commissions is attributed to the overall decrease of revenue by 15.2%. Commissions represented 3.8% of revenue from vessels in 2021 compared to 3.7% in 2020.

#### Vessel operating expenses

	Operating expenses per category			Average daily operating expenses per relevant vessel		
	2021	2020	% increase/ (decrease)	2021	2020	% increase/ (decrease)
	U.S.\$ million	U.S.\$ million		U.S.\$	U.S.\$	
Crew expenses	102.6	105.8	(3.0)%	4,579	4,619	(0.9)%
Insurances	16.5	15.8	4.4%	735	691	6.3%
Repairs and maintenance, and spares	22.8	26.1	(12.5)%	1,019	1,140	(10.6)%
Stores	10.3	10.8	(4.6)%	461	470	(1.8)%
Lubricants	7.5	8.0	(6.2)%	333	347	(4.0)%
Other (quality and safety, taxes, registration fees, communications)	13.7	11.9	15.0%	608	519	17.2%
Foreign currency losses/(gains)	(0.1)	0.8	(112.5)%	(7)	35	(120.0)%
<b>Total operating expenses</b>	<b>173.3</b>	<b>179.2</b>	<b>(3.3)%</b>	<b>7,728</b>	<b>7,821</b>	<b>(1.2)%</b>
<i>Earnings capacity days excluding vessels on bare-boat charter</i>				22,404	22,901	

Vessel operating expenses include crew costs, insurances, repairs and maintenance, spares, stores, lubricants, quality and safety costs and other expenses such as tonnage tax, registration fees and communication costs, as well as foreign currency gains and losses. Total operating costs were \$173.3 million in 2021, compared to \$179.2 million during 2020, a decrease of 3.3%. The decrease is mainly attributed to the sale of suezmax vessel *Silia T.* in February 2020, the sale of handysize vessel *Didimon* in June 2020 and the sale of vessel *Maya* in May 2021, that resulted in an overall decrease of \$3.9 million in our operating expenses. In addition, during 2021 travel restrictions and repatriation difficulties due to the Covid-19 pandemic were significantly diminished, which contributed to an increase in crew expenses due to costs related to returning to pre-Covid normality, mainly attributed to the more frequent change of crew that was followed by increased Covid testing required for the seafarers. However, the increase in crew expenses was significantly counterbalanced by a bonus to the seafarers of the Company which was declared in 2020, as a reward for maintaining operational efficiency during the Covid-19 pandemic, as well as due to a relief related to solidarity taxes required to be paid to the Greek state in 2020, which were not repeated in 2021. However, the Company's P&I renewals during the first quarter of 2021 saw an increase in costs partly due to the International Group of P&I Clubs' need to increase their income after several years of premium reductions, which contributed to an overall increase of 4.4% in the Company's insurances compared to 2020. In addition, although 21 of Company's vessels, underwent scheduled drydockings in 2021, compared to 9 during the equivalent period in 2020, expenses for repairs and maintenance, spares and stores have overall decreased by \$3.8 million in 2021 compared to 2020. The decrease is mainly attributed to claim reimbursements received during 2021, as well as to reduced engine overhauls compared to 2020. Other operating expenses increased by 15% compared to 2020, due to increased port expenses for vessels operating under time-charter agreements.

Average operating expenses per vessel per day for the fleet decreased marginally by 1.2% to \$7,728 for 2021 from \$7,821 in 2020, remaining relatively stable, in contrast with the weakening of the U.S. dollar, in which most but not all of our operating expenses are denominated, by approximately 3.0% over the course of 2021. This decrease was mainly attributed to the overall operating expenses spread over the three vessels sold during 2021 and 2020 as described above.

## Depreciation and Amortization

Depreciation and amortization charges totaled \$143.3 million in 2021 compared to \$137.1 million in 2020, a 4.5% increase.

Depreciation amounted to \$126.8 million in 2021 compared to \$127.3 million during 2020, a decrease of \$0.5 million, or 0.4%. The decrease being due to the disposal of the panamax tanker *Maya* and the suezmax tankers *Arctic* and *Antarctic* during the second quarter of 2021, counterbalanced by the addition of *Apollo Voyager* and *Artemis Voyager* in the second half of 2020, incurring depreciation expenses throughout 2021. In addition, the increase of the estimated scrap value per light weight ton (LWT) to \$430 from \$390 effective as of October 1, 2021, reduced the depreciation expense by \$0.7 million.

During 2021, amortization of deferred dry-docking costs was \$13.2 million compared to \$9.3 million in 2020, an increase of 40.9%. The total increase relates mainly to twenty-one vessels that underwent their scheduled dry dockings during 2021 compared to nine in the prior year.

In addition, amortization of leasehold improvements during 2020 for the two suezmax tankers *Eurochampion 2004* and *Euronike*, had an impact of \$0.5 million in 2020 compared to \$3.3 million in 2021 for suezmax tankers *Archangel*, *Alaska*, *Eurochampion 2004* and *Euronike*.

## General and administrative expenses

Management fees, including those paid to third-party managers, totaled \$21.9 million during 2021, compared to \$21.8 million in 2020, a 0.5% increase due to the slight increase in the average number of vessels for the year ended December 31, 2021, compared to 2020.

The Company pays Tsakos Energy Management fixed fees per vessel under a management agreement. The fee includes remuneration for services that cover both the management of the individual vessels and of the enterprise as a whole. According to the management agreement, there may be an adjustment to the fees based on certain criteria within the agreement, if both parties agree. There was no increase in management fees payable to the management company in 2021. During 2021, all the vessels in the fleet were managed by TCM, apart from the LNG carriers *Neo Energy* and *Maria Energy*, the VLCCs *Ulysses* and *Hercules I*, the suezmax *Eurochampion 2004* and the aframax *Maria Princess* and *Sapporo Princess* and the handymaxes, *Afrodite* and *Ariadne*, which were managed by third-party managers. Monthly management fees for operating conventional vessels have been \$27,500 per month, since January 1, 2012. The monthly fee relating to vessels chartered-in or chartered-out on a bare-boat basis or for vessels under construction is \$20,400. Management fees for the LNG carriers *Neo Energy* and *Maria Energy* are \$37,833 per month, of which \$10,000 is payable to the management company and \$27,833 to the third-party manager. Management fees for the DP2 suezmax shuttle tankers *Rio 2016*, *Brasil 2014* and *Lisboa* are \$35,000 per month. Management fees for vessels *Eurochampion 2004*, *Maria Princess*, *Sapporo Princess* and VLCCs *Hercules I* and *Ulysses* are \$28,013 per month, of which \$15,017 is payable to a third-party manager. Management fees for the handymaxes *Afrodite* and *Ariadne* are \$27,500 per month, of which \$14,000 is payable to a third-party manager. Management fees paid relating to vessels under construction are capitalized as part of the vessels' costs.

Office general and administrative expenses consist primarily of professional fees, investor relations, office supplies, advertising costs, directors' liability insurance, directors' fees and reimbursement of our directors' and officers' travel-related expenses. Office general and administrative expenses in 2021 totaled \$6,717 compared to \$5,731 in 2020, a 17.2% increase mainly due to increased legal advisory fees.

Total general and administrative expenses plus management fees paid to Tsakos Energy Management, any management incentive award, any special awards (described below) and stock compensation expense, all together represent the overhead of the Company. On a per vessel basis, daily overhead costs remained stable at \$1,221 in 2021 and 2020.

The Board of Directors approved awards of \$0.5 million and \$1.5 million to the management company for the years ended December 31, 2021, and 2020 respectively, based on various performance criteria and taking into account cash availability and market volatility. A separate award of \$1.5 million was paid in 2020 to Tsakos Energy Management in relation to the newbuilding program, which was capitalized as an additional newbuilding cost in the accompanying consolidated balance sheet as of December 31, 2020, included elsewhere in this annual report. No separate award was granted in 2021.

The Company did not grant any stock-based compensation awards in 2021 and 2020.

#### Loss on sale of vessels

In 2021, the Company sold its panamax tanker *Maya*, and its suezmax tankers *Arctic* and *Antarctic*, for net proceeds of \$53.2 million, realizing a loss of \$5.8 million. In 2020, the Company sold its suezmax tanker, *Silia T*, its handysize vessel, *Didimon*, and its aframax tanker *Sakura Princess*, for net proceeds of \$93.6 million in total, realizing a total net loss of \$6.5 million.

#### Impairment charges

As of December 31, 2021, vessel values had declined compared to the prior year. As a result, 53 of our vessels had carrying values in excess of their market values. Our fleet is for the most part young, with an average age of 10.2 years as of December 31, 2021, and in all these cases, except for six handymax tankers and one aframax tanker, vessels are expected to generate considerably more cash during their remaining expected useful lives than their carrying values in connection with the estimated recoverable amount and the probability of sale for each of its vessels and vessels under construction as at December 31, 2021.

The Company's cash flow tests per vessel for assessing whether an impairment charge was required, indicated that an impairment charge of \$86.4 million was required as at December 31, 2021, based on Level 2 inputs of the fair value hierarchy, as determined by management taking into consideration valuations from independent marine valuers. During 2020, the Company impaired the handymax vessels *Arctic* and *Antarctic* and the aframax tankers *Izumo Princess* and *Sakura Princess* for a total impairment charge of \$28.8 million.

#### Operating (loss) income

For 2021, loss from vessel operations was \$119.9 million compared to income of \$96.7 million in 2020. This change was mainly driven by the weak tanker market reaching multi-decade lows and to increased impairment charges in 2021.

#### Interest and finance costs, net

	2021	2020
	U.S.\$ million	U.S.\$ million
Loan interest expense	29.3	44.1
Interest rate swap cash settlements—hedging	10.0	4.0
Less: Interest capitalized	(0.7)	(1.0)
Interest expense, net	38.6	47.1
Interest rate swap cash receipts—hedging	—	(0.1)
Change in fair value of hedging and non-hedging interest rate swaps	(0.1)	2.5
Bunkers non-hedging instruments cash settlements	(0.5)	8.8
Change in fair value of non-hedging bunker instruments	(10.5)	5.8
Amortization of loan expenses	3.2	3.8
Discount on long-term receivables	0.6	2.4
Bank loan charges	0.1	0.3
<b>Net total</b>	<b>31.4</b>	<b>70.6</b>

[Table of Contents](#)

Interest and finance costs, net, were \$31.4 million for 2021 compared to \$70.6 million for 2020, a 55.5% decrease. Loan interest, excluding payment of swap interest, decreased to \$29.3 million in 2021 from \$44.1 million in 2020, a 33.5% change mainly due to the decreased interest rates and average debt during the course of the year as well as gains from the change in fair value of non-hedging bunker instruments.

Cash settlements, net, on both hedging and non-hedging interest rate swaps, based on the difference between fixed payments and variable six and three-month LIBOR, were \$10 million in 2021 from less than \$4.0 million in 2020 due to the number of effective swaps between the two periods.

Capitalized interest, which is based on interest expenditures incurred to date on vessels under construction, was \$0.7 million in 2021, and \$1.0 million in 2020.

At December 31, 2021, the Company held eleven floating-to-fixed interest rate swap agreements. In 2021, the unrealized net accrued interest amounted to less than \$0.1 million (positive) compared to \$2.5 million (negative) in the prior year, included in Change in fair value of hedging and non-hedging interest rate swaps in the table above.

At December 31, 2021, the Company did not have non-hedging interest rate swaps compared to one interest rate swap during 2020, which expired on July 7, 2020. The changes in fair value amounting to \$zero and \$0.2 million (positive) during 2021 and 2020, respectively, have been included in Change in fair value of hedging and non-hedging interest rate swaps in the table above.

During 2020, the Company held one call option agreement in order to hedge its exposure to bunker price fluctuations associated with the consumption of bunkers by its vessels which expired at December 31, 2020. Change in fair value of the call option agreement during 2020 amounting to \$0.1 million (negative) has been included in Change in fair value of non-hedging bunker instruments in the table above.

During 2020, the Company entered into six put option agreements and paid a net premium of \$1.2 million. During 2021, the Company sold all put option agreements and received less than \$0.1 million. The fair values of those put option agreements as of December 31, 2021 and 2020 amounted \$ zero and \$0.2 million (positive), respectively. The changes in the fair value during 2021 and 2020 amounting to \$0.2 million (negative) and \$0.2 million (positive), respectively, have been included in Change in fair value of non-hedging bunker instruments in the table above.

As at December 31, 2021 and 2020, the Company had twelve and eighteen bunker swap agreements, respectively, in order to hedge its exposure to bunker price fluctuations associated with the consumption of bunkers by its vessels. The fair value of bunker swap agreements as of December 31, 2021, and 2020, amounted to \$2.0 million (positive) and \$8.7 million (negative), respectively. The change in the fair values amounted to \$10.7 million (positive) during 2021 compared to \$5.9 million (negative) in the prior year, due to significant increase in oil prices in early 2020.

The Company recognized receivables amounting to \$35.9 million (\$23.2 million as long-term receivables and \$12.7 million short-term receivables) and \$27.3 million as of December 31, 2021, and 2020, respectively, which relates to sellers' credits under sale and leaseback transactions of seven and five of its vessels, respectively. The Company's discount of receivables, in 2021 and 2020, amounted to \$0.6 million and \$2.4 million, respectively.

Amortization of loan expenses was \$3.2 million in 2021 compared to \$3.8 million in 2020. Other bank charges amounted to \$0.1 million in 2021 and \$0.3 million in 2020.

#### **Interest income**

Interest income in 2021 amounted to \$0.7 million compared to \$1.1 million in 2020. The decrease is due to a significant decrease in interest rates and cash reserves in 2021 compared to 2020.

#### **Non-controlling interest**

There is a non-controlling interest of 49% in the subsidiary Mare Success S.A., which owns 100% of each of the companies that own the panamax vessels *Maya* until May 19, 2021, the date of vessel sale and *Inca*, *Selini*, *Salamina* and the handysize vessels, *Byzantion* and *Bosporos*.

[Table of Contents](#)

During 2020, Mare Success increased its paid-in capital by \$8.2 million of which \$4.2 million was the 51% share contributed by the Company and the remaining \$4.0 million was the 49% share contributed by Polaris Oil Shipping Inc. (“Polaris”), an affiliate of Flopec Petrolera Ecuatoriana (“Flopec”). The additional paid-in capital was made to finance part of the intragroup sale of vessels, in particular, the handysize tankers, *Byzantion* and *Bosporos*. No capital contribution incurred during 2021.

After the capital increase that took place in 2020, the shareholding of Mare Success S.A. remained at 51% for the Company and 49% for Polaris. The additional paid-in capital financed part of the intragroup sale of vessels and did not affect vessels’ carrying values on a consolidated basis.

There was net income attributable to the non-controlling interest in the year ended December 31, 2021 amounting to \$0.8 million, compared to a net income of \$3.2 million in the prior year. On February 1, 2021 and August 2, 2021, two portions of 1,900,000 and 388,841, respectively, of the Company’s Series G Convertible Preferred Shares were redeemed in exchange for Series B Cumulative Redeemable Perpetual Preferred Shares of Shyris Shipping (the “Shyris Shipping Preferred Shares”). The Shyris Shipping Preferred Shares are entitled to receive cumulative semi-annual dividends from Shyris Shipping at a rate of 7.50% per annum, affecting the net loss (income) attributable to non-controlling interest by \$1.4 million. For the year ended December 31, 2021, the net loss attributable to the non-controlling interest of Mare Success S.A. was \$0.6 million and for the equivalent period of 2020 the net income attributable to the non-controlling interest of Mare Success S.A. was \$3.2 million.

#### **Net (loss) income attributable to Tsakos Energy Navigation Limited**

As a result of the foregoing, the net loss attributable to Tsakos Energy Navigation Limited for 2021 was \$151.4 million, or a loss of \$9.53 per share basic and diluted, after taking into account the cumulative dividends of \$35.8 million on our preferred shares, compared to net income of \$24.0 million, or a loss of \$0.80 per share basic and diluted, after taking into account the cumulative dividends of \$39.1 million on our preferred shares for 2020.

#### **Year Ended December 31, 2020 Compared to Year Ended December 31, 2019**

For a discussion of our results for the year ended December 31, 2020 compared to the year ended December 31, 2019 please see “Item 5. Operating and Financial Review and Prospects—Financial Analysis—Year Ended December 31, 2020 versus year Ended December 31, 2019” contained in our annual report on Form 20-F for the year ended December 31, 2020, filed with the SEC on April 16, 2021.

## Liquidity and Capital Resources

Our liquidity requirements relate to servicing our debt, funding the equity portion of investments in vessels, funding working capital and controlling fluctuations in cash flows. In addition, our newbuilding commitments, other expected capital expenditures on dry-dockings and vessel improvements and/or acquisitions, which in total equaled \$88.4 million in 2021 and \$204.5 million in 2020, will again require us to expend cash in 2022. We are also obligated to make certain payments to our manager under our management agreement. See “—Long-Term Contractual Obligations” below. Net cash flow generated by operations is our main source of liquidity. Apart from the possibility of raising further funds through the capital markets, additional sources of cash include proceeds from asset sales and borrowings, although all borrowing arrangements to date are related to the acquisition and construction of specific vessels.

If market conditions worsen significantly due to the current pandemic of COVID-19 and the conflict in Ukraine, then our cash resources may decline to a level that may put at risk our ability to service timely our debt and capital expenditure commitments. To avoid such an eventuality, management would expect to be able to raise extra capital through the alternative sources described above.

Non-restricted cash balances were \$117.2 million as of December 31, 2021, compared to \$160.5 million as of December 31, 2020 mainly affected by the considerable decrease of tanker charter rates throughout 2021.

Working capital (net of restricted cash and deferred loan costs) amounted to a negative \$104.6 million at December 31, 2021 compared to a negative \$74.5 million, at December 31, 2020. The increase in working capital deficit is attributed to lower cash balances, and Company’s obligations for sale and leaseback vessels as at December 31, 2021.

Current assets decreased to \$239.7 million at December 31, 2021 from \$321.5 million at December 31, 2020, mainly due to the sale of two vessels classified as held for sale at the end of 2020, and a \$43.3 million decrease in cash and cash equivalents. The decrease in current assets is also attributed to the \$6.2 million decrease in balances due from related parties. The decrease was partially offset by a higher balance in accounts receivables and an increase in short term receivable, related to sellers’ credits under sale and leaseback transactions for vessels *Euronike* and *Eurochampion 2004* to be collected as at December 21, 2022 compared to the prior year. Current liabilities decreased to \$332.1 million at December 31, 2021, from \$382.0 million at December 31, 2020, mainly due to the decreased current portion of debt by \$59.5 million and the decreased current portion of financial instruments by \$6.4 million. Payables as of December 31, 2021 increased by \$19.6 million due to our heavy dry-docking program during the year, which was partially compensated for, by a decrease of \$12.7 million in accrued liabilities, attributed to decreased accrued interest from \$7.3 million in 2020 to \$5.1 million in 2021 and accrued shipyard invoices from \$33.2 million as of December 31, 2020 to \$22.8 million as of December 31, 2021. The current portion of obligations under operating leases increased by \$8.8 million mainly due to the maturity date of the five-year sale and lease back agreement for each of the two suezmaxes, *Eurochampion 2004* and *Euronike* on December 21, 2022.

Net cash provided by operating activities was \$53.1 million in 2021 and \$205.4 million in 2020. The \$152.3 million decrease is primarily attributable to the ongoing impact of the COVID-19 and its variants on oil demand and a continued increase in oil prices which led to softer tanker freight rates in 2021, especially in the second half of the year, which contributed to a decrease in voyage revenues by \$98.0 million as more fully described in the paragraph “Voyage Revenues” above under “—Financial Analysis”. Total cash expenditure on voyage expenses, operating expenses, charter-in costs, G&A expenses, finance expenses, net of interest income and other, net expenses amounted to \$470.1 million in 2021, compared to \$430.7 million in 2020, an increase of \$39.4 million or 9.1%. The expense movements are fully described in the respective paragraphs above under “Financial Analysis”.

Inventories, mainly consisting of bunker fuel, which increased by \$1.1 million in 2021, compared to \$8.8 million in 2020, as the number of vessels employed on the spot market in the second half of 2021 decreased compared to the prior year, while oil prices increased by 46.6% during the year. Unearned revenue, arising from collection of time-charter hire due in future periods, but paid in the current period, decreased by \$3.6 million with fewer charterers paying early, whereas in 2020 unearned revenue had increased by \$0.6 million. Payments to repair yards increased by \$10.9 million in 2021 due to twenty-one vessels undergoing their scheduled drydock compared to nine dry dockings performed in the year ended December 31, 2020. Amounts payable to suppliers increased by \$23.4 million and capitalized voyage expenses increased by \$0.2 million in 2021, mainly relating to the increased number of vessels that underwent dry dockings and the higher oil prices at the end of the year that led to expensive purchases of bunkers for vessels operating in the spot market, compared to an increase of \$15 million and \$1.1 million in 2020, respectively. The increase is offset by the decrease in accrued liabilities by \$12.7 million in 2021, compared to \$10.3 million in the prior year, mainly attributed to payments made to yards and the sharp fall of Libor rates throughout 2021. Receivables and advances increased by \$1.8 million compared to a decrease of \$19.1 million in 2020, mainly due reduced collectability on rates compared to the equivalent period of 2020. During the year ended December 31, 2020, the Company deposited cash collateral of \$6.1 million related to its derivative instruments, while the collateral security was reduced by \$0.3 million during 2021.

Net cash used in investing activities in 2021 amounted to \$8.0 million compared to \$94.6 million in 2020. In 2021, the cash flow used in investing activities consists of \$55.6 million payments for vessels under construction, \$5.6 million for improvements on existing vessels which were offset by cash generated by the sale of the suezmaxes *Arctic* and *Antarctic* and the panamax tanker *Maya* for net proceeds of \$53.2 million. In 2020, the cash used in investing activities consists of \$39.7 million of payments for vessels under construction, \$145.8 million of payments for the acquisition of the aframax tanker *Caribbean Voyager* and the two suezmax tankers *Apollo Voyager* and *Artemis Voyager* and \$2.8 million for improvements on existing vessels. Cash outflow from investing activities during 2020, was offset by cash generated by the sale of the suezmax tankers, *Archangel*, *Alaska* and *Silia T*, the aframax tanker *Sakura Princess* and the handysize *Didimon* for net proceeds of \$93.6 million. As at December 31, 2021, there was one DP2 suezmax tanker, one LNG carrier and four dual-fuel LNG powered aframax vessels on order and the remaining yard installments to be paid for those vessels as at December 31, 2021 amounted to \$485 million. The amount of \$245.5 million is due to be paid in 2022 and the amount of \$239.5 million in 2023. The LNG carrier was delivered on January 12, 2022, the DP2 suezmax tanker is expected to be delivered in the second quarter of 2022, and the four aframax during the year 2023. Secured financing of up to \$252 million has been arranged for the LNG carrier and the DP2 suezmax tanker. The Company is currently discussing with financial institutions the financing of the four aframax tankers under construction.

Net cash used in financing activities amounted to \$89.7 million for the year ended December 31, 2021, compared to \$136.8 million for the equivalent period of 2020. During 2021, the Company drew down \$32.5 million to finance two under construction vessels the LNG carrier *Tenergy* and the shuttle tanker *Porto*, prepaid the amount of \$32.3 million for its sold vessels, *Maya*, *Arctic* and *Antarctic*, and \$157.3 million was drawn as part of refinancing loans and prepaid \$120.6 million on the loans. The amount of \$166 million was paid in scheduled installments. Proceeds from new bank loans in 2020 amounted to \$348.9 million and payments of debt amounted to \$383.7 million, which included \$222.9 million loan prepayments and \$160.8 million scheduled debt repayments.

Total debt outstanding decreased from \$1.51 billion at December 31, 2020, to \$1.38 billion at December 31, 2021. The debt to capital (equity plus debt) ratio was 51.7% at December 31, 2021 (or 49.2% on a net of cash basis) and 52.2% at December 31, 2020 (or 49.2% on a net of cash basis). As of December 31, 2021, we had minimum net lease payment obligations totaling \$107.1 million under sale-leaseback arrangements with respect to seven of our vessels.

On May 5, 2021, the Board of Directors of the Company authorized the issuance and sale of up to \$50 million of the Company's Common Shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares. On October 29, 2021, the Company announced the Board's authorization of up to an additional \$100 million issuance and sale Common Shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares. In 2021, the Company issued 6,049,498 common shares for net proceeds of \$50.5 million. In 2020, the Company issued 172,227 common shares for net proceeds of \$3.5 million. In 2021, the Company issued 92,093 Series D Preferred Shares, 143,708 Series E Preferred Shares and 741,259 Series F Preferred Shares for net proceeds of \$2.2 million, \$3.5 million, and \$18 million, respectively.

On March 24, 2020, the Company announced that its Board of Directors had authorized a share repurchase program for its common and/or its preferred shares of up to \$50 million. Shares may be purchased from time to time in open market or privately negotiated transactions, which may include derivative transactions, at times and prices that are considered to be appropriate by the Company and the program may be discontinued at any time. In 2021 and 2020, the Company acquired, and held as treasury stock, 19,836 and 978,936 common shares for a total amount of \$0.2 million and \$9.8 million respectively, and did not purchase any preferred shares. In 2021, the Company sold 320,599 shares from its treasury stock for net proceeds of \$3.2 million resulting a loss of \$0.3 million included in the consolidated statement of stockholders' equity.

During 2020, the Company redeemed all of its 2,000,000 Series C Preferred Shares with a liquidation preference of \$25.00 per share for a total amount of \$50.0 million. During 2020, cash outflow from financing activities was partially offset by the capital contribution of \$4.0 million relating to the increase of paid in capital of Mare Success S.A. made by the 49% equity holder.

In 2021 and 2020, the Company paid dividends aggregating \$0.10 and \$0.50 per common share, respectively. Total dividend payments to common shareholders in 2021 amounted to \$2.0 million, compared to \$9.4 million in 2020. On April 14, 2022, the Company declared a dividend of \$0.10 per common share payable in June 2022.

The payment and the amount of dividends on our common shares are subject to the discretion of our Board of Directors and depends on available cash balances, anticipated cash needs, our results of operations, our financial condition, and any loan agreement restrictions binding us or our subsidiaries, as well as other relevant factors.

Dividends of \$0.5547 per share for the 8.875% Series C Preferred Shares were paid each on January 30, April 30, July 30 and October 30, 2020, totaling in aggregate \$4.4 million. On October 30, 2020, the Company redeemed all of its 2,000,000 Series C Preferred Shares, with a liquidation preference of \$25.00 per share, for \$50.0 million.

Dividends of \$0.5469 per share for the 8.75% Series D Preferred Shares, were paid on February 28, May 29, August 28 and November 28, 2021, totaling in aggregate \$7.6 million, and on February 28, 2022, \$1.9 million. Dividends of \$0.5781 per share for the 9.25% Series E Preferred Shares were paid on February 28, May 29, August 28 and November 28, 2021, totaling in aggregate \$10.8 million, and on February 28, 2022, \$2.7 million. Dividends of \$0.59375 per share for the 9.50% Series F Preferred Shares were paid on January 30, April 30, July 30 and October 30, 2021, totaling in aggregate \$15 million, and on January 26, 2022, \$4 million.

In September 2019, the Company entered into a Share Purchase Agreement for the private placement of 3,500,000 Series G Redeemable Convertible Perpetual Preferred Shares, par value \$1.00 per share and liquidation preference \$10.00 per share, at a purchase price of \$10.00 per share, raising \$34.0 million, net of structuring fee and other expenses. The Series G Convertible Preferred Shares have a stated coupon rate of 0%, subject to adjustment in the event of a cross-default or failure to redeem on any redemption date and participate on an as-converted basis in dividends declared and paid on the Company's common shares.

The Series G Convertible Preferred Shares are convertible at any time, at the option of the holder, at a conversion price of \$15.00 per share, representing a conversion rate of two-thirds of a common share per Series G Convertible Preferred Share. All or a portion of the Series G Convertible Preferred Shares will automatically convert into common shares at the conversion rate if the trading price of the Company's Common Shares exceed certain levels between 130% and 170% of the conversion price. The holders, however, will be prohibited from converting the Series G Convertible Preferred Shares into common shares to the extent that, as a result of such conversion, the holder would own more than 9.99% of the total number common shares then issued and outstanding. On December 23, 2019, and January 15, 2020, 875,000 and 10,000 Series G Convertible Preferred Shares were converted into 583,333 and 6,667 common shares, respectively.

On February 1, 2021 (the “Initial Redemption Date”) and August 2, 2021, the Company redeemed 1,798,651 and 357,063 Series G Convertible Preferred Shares in exchange for 1,900,000 and 388,841 Series B Cumulative Redeemable Perpetual Preferred Shares of Shyris Shipping Company S.A. (“Shyris Shipping”), respectively, a subsidiary of the Company, each with a liquidation preference of \$10.00 per share representing the full mandatory redemption price of \$10.56 and \$10.89, respectively, per Series G Convertible Preferred Share (\$19 million and \$3.9 million in the aggregate, respectively) payable for the number of Series G Convertible Preferred Shares. The difference between the carrying value of the redeemed Series G Convertible Preferred Shares and the fair value of the Shyris Shipping Company Preferred Shares, amounting to \$2.2 million, in total, was recognized as a deemed dividend to the holders of the Series G Convertible Preferred Shares, and has been considered in the calculation of Loss per Common Share in 2021.

Aggregate dividends of \$0.50 per common share into which the Series G Convertible Preferred Shares were convertible were paid in 2020, amounting to \$0.9 million compared to \$0.10 per common share, amounting to less than \$0.1 million in 2021. Shyris Shipping paid dividends on the Shyris Shipping Preferred Shares amounting to \$0.9 million in the period ended December 31, 2021. On March 1, 2022, Shyris Shipping paid dividends on the Shyris Shipping Preferred Shares amounting to \$0.9 million for the period September 1, 2021 to and including February 28, 2022.

Preferred share dividends on Series F Preferred Shares are payable quarterly in arrears on the 30th day of January, April, July and October of each year, when, as and if declared by the Company’s Board of Directors. Preferred share dividends on Series D and Series E Preferred Shares are payable quarterly in arrears on the 28th day of February, May, August and November of each year, when, as and if declared by the Company’s board of directors. See “Item 10. Additional Information—Description of Share Capital.”

From time to time and depending upon market conditions, we may consider various capital raising alternatives to finance the strategic growth and diversification of our fleet. Any such capital raising transactions may be at the Tsakos Energy Navigation Limited or subsidiary level, to which interests in certain vessels in our fleet and rights to receive related cash flows would be transferred, as well as other capital raising alternatives available to us at that particular time.

[Table of Contents](#)

## Investment in Fleet and Related Expenses

We operate in a capital-intensive industry requiring extensive investment in revenue-producing assets. We continue to have an active fleet development program resulting in a fleet of modern and young vessels with an average age of 10.4 years at April 21, 2022. We raise the funds for such investments in newbuildings mainly from borrowings and partly out of internally generated funds and equity issuance transactions. Newbuilding contracts generally provide for multiple staged payments of 10%, with the balance of the vessel's purchase price paid upon delivery. In the case of newbuildings, pre-delivery financing is arranged to finance part of the installment payments to the shipbuilding yard and delivery finance is arranged for the last installment to the yard on delivery of the vessels. Otherwise, for the equity portion of an investment in a newbuilding or a second-hand vessel, we generally pay from our own cash approximately 20% to 30% of the contract price. Repayment of the debt incurred to purchase the vessel is made from vessel operating cash flows, typically over two to twelve years, compared to the vessel's asset life of approximately 25 years (LNG carriers 40 years). We have arranged senior secured bank loans of up to \$251.7 million and expect to arrange additional senior secured bank loans, to fund the aggregate \$283.9 million remaining contract price for our five newbuildings under construction as of December 31, 2021.

## Debt

As is customary in our industry, we anticipate financing the majority of our commitments on vessel newbuildings with bank debt. Generally, we raise 70% to 80% of the vessel purchase price with bank debt for a period of between four and twelve years. For vessels for which we have secured long-term charters with first-class charterers, we would expect to raise up to 80% of the vessel purchase price with bank debt. Our existing credit facilities require us and certain of our subsidiaries to comply with certain operating and financial covenant restrictions. See "Note 6—Long Term Debt" to our audited consolidated financial statements included elsewhere in this report.

### Summary of Loan Movements Throughout 2021 (in millions of U.S. dollars):

Loan	Vessel	Balance at January 1, 2021	New Loans	Prepaid	Repaid	Balance at December 31, 2021
8-year term loan	<i>Rio 2016</i>	60,860	—	—	6,407	54,453
6-year term loan	<i>Sola TS</i>	30,921	—	—	2,474	28,447
8-year term loan	<i>Stavanger TS</i>	37,500	—	—	2,589	34,911
5-year term loan	<i>Sunray</i>	27,370	—	26,393	977	—
7-year term loan	<i>Sunrise</i>	26,393	—	—	2,200	24,193
7-year term loan	<i>Pentathlon</i>	21,764	—	—	3,628	18,136
7-year term loan	<i>Decathlon</i>	30,400	—	—	3,200	27,200
12-year term loan	<i>Maria Energy, Ulysses, Hercules I</i>	209,430	—	—	21,501	187,929
7 1/2-year term loan	<i>Lisboa</i>	68,000	—	—	5,667	62,333
6-year term loan	<i>Brasil 2014</i>	61,275	—	—	7,158	54,117
5-year term loan	<i>Arctic, Antarctic, Afrodite, Apollon, Artemis, Ariadne, Aris, Ajax, Proteas, Promitheas, Propontis</i>	104,770	—	85,039	19,731	—
5-year term loan	<i>Euro</i>	24,383	—	—	2,700	21,683
5-year term loan	<i>Maria Princess, Nippon Princess, Ise Princess</i>	36,488	—	36,488	—	—
8-year term loan	<i>Mediterranean Voyager, Caribbean Voyager</i>	79,304	—	—	4,597	74,707
5-year term loan	<i>Neo Energy</i>	53,500	—	—	6,000	47,500
6-year term loan	<i>Uraga Princess, Spyros K, Dimitris P.</i>	60,804	—	—	8,716	52,088
5-year term loan	<i>Inca, Selini, Salamina</i>	30,682	—	4,951	5,718	20,013
4-year term loan	<i>Amphitrite, Arion, Andromeda</i>	20,800	—	—	5,200	15,600
7-year term loan	<i>Apollo Voyager</i>	56,352	—	—	2,818	53,534
10-year term loan	<i>Artemis Voyager</i>	54,191	—	—	3,011	51,180
7-year term loan	<i>Thomas Zafiras, Leontios H.</i>	67,200	—	—	4,800	62,400
5-year term loan	<i>Elias Tsakos, Oslo TS</i>	64,613	—	—	5,082	59,531
5-year term loan	<i>Parthenon TS</i>	33,600	—	—	2,400	31,200
5-year term loan	<i>Eurovision</i>	31,818	—	—	3,182	28,636
5-year term loan	<i>Byzantion, Bosphoros</i>	15,015	—	—	2,730	12,285
2-year term loan	<i>Tenergy</i>	13,875	13,875	—	—	27,750
5-year term loan	<i>World Harmony, Chantal, Seleccion, Socrates, Sapporo Princess</i>	67,305	—	—	11,217	56,088
5-year term loan	<i>Marathon TS</i>	38,556	—	—	2,487	36,069
6-year term loan	<i>Bergen TS</i>	37,125	—	—	2,652	34,473
5-year term loan	<i>Andes, Aegeas, Izumo Princess, Asahi Princess</i>	45,500	—	—	9,100	36,400
5-year term loan	<i>Maria Princess, Nippon Princess, Ise Princess</i>	—	44,500	—	8,091	36,409
5-year term loan	<i>Sunray</i>	—	26,000	—	—	26,000
4-year term loan	<i>Proteas, Promitheas, Propontis</i>	—	38,000	—	—	38,000
4-year term loan	<i>Afrodite, Apollon, Artemis, Ariadne, Aris, Ajax</i>	—	48,750	—	—	48,750
7-year term loan	<i>Porto</i>	—	18,633	—	—	18,633
<b>Total</b>		<b>1,509,794</b>	<b>189,758</b>	<b>152,871</b>	<b>166,033</b>	<b>1,380,648</b>

The above term bank loans are secured by first priority mortgages on all vessels owned by the Company's subsidiaries, by assignments of earnings and insurances of the respectively mortgaged vessels, and by corporate guarantees of the relevant ship-owning subsidiaries and in certain cases by the holding company.

As a result of such financing activities, long-term debt decreased in 2021 by a net amount of \$129.1 million compared to a net decrease of \$34.8 million in 2020. The debt to capital (equity plus debt) ratio was 51.7% at December 31, 2021, or net of cash, 49.2%, and 52.2% at December 31, 2020 or, net of cash, 49.2%.



We have paid all of our scheduled loan installments and related loan and swap interest consistently without delay or omission. As a percentage of total liabilities against total assets at fair value, our consolidated leverage (a non-GAAP measure) as computed in accordance with our loan agreements at December 31, 2021 was 61.9%, below the original loan covenant maximum of 70%, which is applicable to all the above loans on a fleet and total liabilities basis. Almost all the loan agreements also include a requirement for the value of the vessel or vessels secured against the related loan to be at least 120% (in five cases 110%, in two cases 115%, one case 125% and in one other case the ratio is based on a formula which takes into account charter value for vessels on time charters) of the outstanding associated debt at all times. The Company continues to be fully compliant with its scheduled debt service requirements, repaying capital and paying interest promptly in accordance with respective bank agreements without fail. Our existing bank loans require us and certain of our subsidiaries to comply with certain operating and financial covenant restrictions. See “Note 6 – Long Term Debt” to our audited consolidated financial statements included elsewhere in this report. As at December 31, 2021, the Company and its wholly and majority owned subsidiaries were compliant with the financial covenants in each of its thirty-two loan agreements totaling \$1.38 billion. At December 31, 2021 we were also compliant with the leverage ratio covenant contained in all of our bank loans. We do not expect to pay down the Company’s loans in 2022 beyond the amounts that we have already classified as current liabilities. Upon an event of default, all the loan agreements, which are secured by mortgages on our vessels and in certain cases by the parent company, include the right of lenders to accelerate repayments. All our loan agreements and our interest rate swap agreements also contain a cross-default provision that may be triggered by a default under one of our other loans. A cross-default provision means that a notice of default on one loan would result in a default on other agreements.

Interest is usually payable at a variable rate, based on three- or six-month LIBOR plus a margin. Interest rate swap instruments cover approximately 33.1% of the outstanding debt as of March 31, 2022. We review our hedging position relating to interest on a continuous basis and have regular discussions with banks with regards to terms for potential new instruments to hedge our interest. Some of our existing facilities and interest rate swap will likely be amended to SOFR or an alternative reference rate during 2022 and/or the first half of 2023 prior to three and six-month LIBOR ceasing on June 30, 2023, which may impact our interest rate expense.

**Long-Term Contractual Obligations as of December 31, 2021 (in millions of U.S. dollars) were:**

<b>Contractual Obligations</b>	<b>Total</b>	<b>Less than 1 year (2022)</b>	<b>1-3 years (2023-2024)</b>	<b>3-5 years (2025-2026)</b>	<b>More than 5 years (after January 1, 2027)</b>
Long-term debt obligations (excluding interest)	1,380.6	175.1	526.0	461.9	217.6
Vessel operating leases <sup>1</sup>	107.1	34.9	51.9	20.3	—
Interest on long-term debt obligations (including interest rate swap payments) <sup>2</sup>	115.5	32.9	53.1	23.5	6
Purchase Obligations (new-buildings) <sup>3</sup>	480.0	240.5	239.5	—	—
Management Fees payable to Tsakos Energy Management (based on existing fleet plus contracted future vessel deliveries as at December 31, 2021)	189.4	21.2	42.0	40.8	85.4
<b>Total</b>	<b>2,272.6</b>	<b>504,6</b>	<b>912,5</b>	<b>546,5</b>	<b>309</b>

- (1) The amounts represent Company’s commitments under sale and leaseback agreement for seven of its vessels, with the agreements for two vessels expiring on December 21, 2022, as of December 31, 2022.
- (2) The amounts shown above for interest obligations include contractual interest obligations for floating rate debt as at December 31, 2021 based on the amortization schedule for such debt and the average interest rate as described in “Item 11. Quantitative and Qualitative Disclosures about Market Risk.” Derivative contracts and their implied average fixed rates are also included in the calculations.
- (3) The amounts shown above for purchase obligations (new-buildings) include amounts payable based on contracts agreed with shipbuilding yards for six vessels under construction, as of December 31, 2021, one of which has been delivered in 2022.

## Item 6. Directors, Senior Management and Employees

The following table sets forth, as of April 1, 2022, information for each of our directors and senior managers.

Name	Age	Positions	Year First Elected
Efstratios Georgios Arapoglou	70	Chairman of the Board	2010
Nikolas P. Tsakos	58	President and Chief Executive Officer, Director	1993
Michael G. Jolliffe	72	Vice Chairman of the Board, Director	1993
George V. Saroglou	57	Vice President, Chief Operating Officer, Director	2001
Paul Durham	71	Chief Financial Officer and Chief Accounting Officer	—
Vasileios Papageorgiou	75	Chief Marine Officer	—
Nicholas F. Tommasino	64	Director	2017
Aristides A.N. Patrinos	74	Director	2006
Efthimios E. Mitropoulos	82	Director	2012
Denis Petropoulos	65	Director	2018

Certain biographical information regarding each of these individuals is set forth below.

### **EFSTRATIOS GEORGIOS ARAPOGLOU CHAIRMAN OF THE BOARD**

Takis Arapoglou is a consultant with an earlier career in International Capital Markets and Corporate & Investment banking and later in managing, restructuring and advising publicly listed Financial Institutions and Corporates. Most recent executive assignments include: Managing Director and Global Head of the Banks and Securities Industry for Citigroup; Chairman and CEO of the National Bank of Greece; Chairman of the Hellenic Banks Association; CEO of Commercial Banking at EFG-Hermes Holding SAE. He is currently holding the following non-executive board positions: Chairman of Bank of Cyprus; Chairman of Titan Cement International; Independent board member of EFG-Hermes Holding; He is a member of the Business Advisory Council for the International MBA program at the Athens University of Economics and Business. He holds degrees in Mathematics, Engineering and Management from Greek and British Universities.

### **NIKOLAS P. TSAKOS, Dr. FOUNDER, PRESIDENT AND CHIEF EXECUTIVE OFFICER**

Mr. Nikolas P. Tsakos is the Founder and Chief Executive Officer of Tsakos Energy Navigation (TEN), a pioneering shipping company, established 27 years ago and quoted on the New York Stock Exchange. He comes from a traditional Chios seafaring family and has extensive seagoing experience, having also served as an Officer in the Greek Navy. Mr. Tsakos was the Chairman of INTERTANKO from 2014 to 2018 and the former President of the environmental organisation “HELMEPA”. He sits on the boards of a number of maritime and finance organizations and associations. Nikolas graduated from Columbia University in New York with a degree in Economics and Political Science and obtained a Master’s Degree in Shipping, Trade and Finance from London’s City University Business School (CASS). In 2011, he was awarded an honorary doctorate from City University, for his pioneering work in the equity financial markets relating to shipping companies. He is married and has three children.

### **MICHAEL G. JOLLIFFE CO-FOUNDER AND VICE CHAIRMAN**

Mr. Jolliffe has been joint Managing Director and then Vice Chairman of our Board since 1993. He is a director of a number of companies in shipping, agency representation and shipbroking capital services. Mr. Jolliffe is Chief Executive Officer of Tsakos Containers Navigation LLC, a shipping company set up in joint venture between the Tsakos and Jolliffe families and Warwick Capital Partners, a London based fund manager. He is also Chairman of the Wighams Group owning companies involved in shipbroking, agency representation and capital markets businesses. He is also Chairman of StealthGas Inc., a shipping company which is quoted on the Nasdaq Stock Exchange and which owns 50 LPG carriers.

### **GEORGE V. SAROGLOU VICE PRESIDENT, CHIEF OPERATING OFFICER AND DIRECTOR**

Mr. Saroglou has been Chief Operating Officer of the Company since 1996. Mr. Saroglou worked for a private Greek information technology systems integrator from 1987 until 1994. From 1995 to 1996 he was employed in the Trading Department of the Tsakos Group. He graduated from McGill University in Canada in 1987 with a Bachelor’s Degree in Science (Mathematics). Mr. Saroglou is the cousin of Mr. Tsakos.

[Table of Contents](#)

**PAUL DURHAM****CHIEF FINANCIAL OFFICER AND CHIEF ACCOUNTING OFFICER**

Mr. Durham joined Tsakos in 1999 and has served as our Chief Financial Officer and Chief Accounting Officer since 2000. Mr. Durham is a Fellow of the Institute of Chartered Accountants in England & Wales. From 1989 through 1998, Mr. Durham was employed in Athens with the Latsis Group, a shipping, refinery and banking enterprise, becoming Financial Director of Shipping in 1995. From 1983 to 1989, Mr. Durham was employed by RJR Nabisco Corporation, serving as internal audit manager for Europe, Asia and Africa until 1986 and then as financial controller of one of their United Kingdom food divisions. Mr. Durham worked with public accounting firms Ernst & Young (London and Paris) from 1972 to 1979 and Deloitte & Touche (Chicago and Athens) from 1979 to 1983. Mr. Durham is a graduate in Economics from the University of Exeter, England.

**VASILEIOS PAPAGEORGIOU****CHIEF MARINE OFFICER**

Mr. Papageorgiou is our Chief Marine Officer. He monitors our fleet's technical and operational performance. In addition, he heads the newbuilding section and technically led the recent successful large scale fleet expansion and renewal plan. For the past 15 years Mr. Papageorgiou has overseen the construction of more than 104 vessels of diverse type and range, amongst them DP Shuttle tankers and LNG vessels. He has an extended technical academic background, holding Bachelor of Science degrees in Naval Architecture and Marine Engineering and Master of Science degrees in Internal Combustion Engines and Management and Economics. Mr. Papageorgiou initiated his career 50 years ago, being employed for a period of 5 years in the Greek ship and repair yards of Skaramanga, Perama and Elefsis, being engaged in the supervision of ship repairs and newbuildings. In 1976 and for a period of 4 years he worked for Chalkis Shipyard and Carras Shipping Co attending repairs and newbuildings in Japan and Yugoslavia. In 1980, Mr. Papageorgiou joined Lloyd's Register of Shipping initially as a junior Ship and Engine Surveyor in the Far East area (Korea, Japan, China, Hong Kong, Philippines). He was the first surveyor of Greek nationality of Lloyd's Register supervising the construction of newbuildings in Asia. Soon he was promoted to Principal Surveyor, thereafter to Senior Principal Surveyor, a position held for the first time by an Engineer of Greek nationality. Successively, in 1990, Lloyd's Register appointed him in the post of area Managing Director for the wider region of Greece, Balkans and Middle East, again a position held for the first time by a Greek citizen. Mr. Papageorgiou is an active participant in a wide range of technical committees.

**ARISTIDES A.N. PATRINOS, Ph.D****DIRECTOR**

Dr. Patrinos is a member of the Novim Group and the Chair of its Scientific Advisory Board. Novim is a think tank based in Santa Barbara California. He is also Visiting Scholar at the New York University Center for Neural Science. Since 2006 he is also affiliated with Synthetic Genomics Inc, (SGI) serving as President (2006-2011), Senior Vice President for Corporate Affairs (2011-2012) and currently as Programs and Policy Advisor. SGI is a US-based privately held company dedicated to developing and commercializing synthetic biology instruments, clean and renewable fuels and chemicals, sustainable food products; and novel medical applications such as synthetic vaccines and other biologics. Dr. Patrinos also serves on the Advisory Board of EdenRoc Sciences, a privately held biotechnology company formed to cultivate world-class life sciences companies; and on the Science Advisory Board of DataCubed Inc., a NYC-based private company focused on healthcare, big data, and human decision-making. Dr. Patrinos also consults for Oak Ridge National Laboratory, the Energy Futures Initiative, and the translational medicine program of the University of Pittsburgh. He started his career as an Assistant Professor at the University of Rochester, New York. From 1976 to 2006 Dr. Patrinos served in the U.S. Department of Energy (DOE) and several of the DOE National Laboratory and engaged in R&D for several facets of energy production and use and led key research programs in biology and the environment, including global climate change. He played a leading role in the Human Genome Project and has been a central architect of the "genomics" revolution. He is a member of many scientific societies and is the recipient of numerous awards and distinctions including three U.S. Presidential Rank Awards, and two Secretary of Energy Gold Medals. He holds a Diploma in Mechanical and Electrical Engineering from the National Technical University of Athens (Metsovion) and a Ph.D. in Mechanical Engineering and Astronautical Sciences from Northwestern University in Evanston, Illinois. During 2016, Dr. Patrinos was Senior Advisor to DOE Secretary Ernest Moniz. In 2013, an EU stamp was issued in his honor, and he is an honorary citizen of the Greek County of Vari, Voula, and Vouliagmeni.

**EFTHIMIOS E. MITROPOULOS, KCMG**  
**DIRECTOR**

Mr. Mitropoulos is Secretary-General Emeritus of the International Maritime Organization (IMO), the United Nations specialized agency responsible for the regulation of international shipping from the safety, security and environmental protection points of view. After 23 years of service at IMO (ten of which as Director of the Maritime Safety Division), he was elected Secretary-General in 2003 and re-elected in 2007 for a total of the maximum time permitted of eight years. As a graduate of both Merchant and Naval Academies of Greece, he spent time at sea as a navigation officer and twenty years as a commissioned Hellenic Coast Guard officer, retiring as a rear admiral, having represented Greece at IMO and various other international forums dealing with shipping matters over a twelve year period and having spent two years as Harbour Master of Corfu. Between 2004 and 2012, he was Chancellor of the World Maritime University, Malmö, Sweden and Chairman of the Governing Board of the International Maritime Law Institute in Malta. He is the author of several books on shipping, including texts on tankers, modern types of merchant ships, safety of navigation and shipping economics and policy. He is Chairman of the Board of the “Maria Tsakos” Public Benefit Foundation – International Centre for Maritime Research and Tradition and Patron of two international maritime organizations. He is a member of several shipping societies in Greece and in the United Kingdom and a recipient of many awards and distinctions from Governments, international organizations and universities. He is an honorary citizen of Galaxidi, Greece and Malmö, Sweden.

**NICHOLAS F. TOMMASINO**  
**DIRECTOR**

Mr. Tommasino is a retired partner of Deloitte LLP, a global professional services firm focusing on Audit, Tax, Advisory and Consulting services (“D&T”). With more than 38 years of experience, including 27 as a Partner until his retirement in 2016, he served global clients in a variety of industries including Transportation, Telecommunications, Pharmaceuticals, Agribusiness and Hospitality. He provided services across a wide range of areas including audit, mergers and acquisitions, U.S. listings, including foreign private issuers, and regulatory and risk areas. He held a number of leadership roles from leading the New York Audit and Advisory practice to the Northeast Practice to the entire East Sector culminating in his assuming the role of Chairman and CEO of Deloitte and Touche LLP (D&T) where he was responsible for all aspects of a multi-billion dollar, fourteen thousand personnel, professional services firm. He directed the Development and Implementation of Strategy, Operations, Talent, Quality, Governance and Cultural Cultivation at D&T. He was a Board member of D&T (including Chairman) and chaired the D&T Executive Committee. He served as a Trustee and Vice President of the Madison Square Boys and Girls Club. He was an associate adjunct professor at Columbia University. He graduated Summa Cum Laude with a BS in accounting from Manhattan College.

## **DENIS PETROPOULOS**

### **DIRECTOR**

Denis Petropoulos is the current Chairman of the Baltic Exchange, headquartered in London, UK. He has worked in competitive ship broking for over 40 years and has presented on a broad base of shipping related topics at many major international industry conferences. His knowledge of the energy industry and in particular its shipping requirements for crude oils, products, chemicals, LPG and LNG extends to all the supply and refinery centers around the world. Mr. Petropoulos left H. Clarksons in 1985 to open Braemar Tankers, which in 2001 evolved into Braemar Shipping Services PLC, as it is known today, where he sat on the board as Executive Director. In 2011 he opened Braemar's shipbroking office in Singapore and remained there until 2017 heading up the company's expanding operations in the Asia-Australia. He came off the Braemar Shipping Services PLC board in 2015 and remains a shareholder. He presently sits on INTERTANKO's Associate Members' Committee. Educated at Westminster School, London, and University of Surrey, UK.

### **Board of Directors**

Our business is managed under the direction of the Board, in accordance with the Companies Act 1981 of Bermuda, as amended (the "Companies Act") and our Memorandum of Association and Bye-laws. Members of the Board are kept informed of our business through: discussions with the Chairman of the Board, the President and Chief Executive Officer and other members of our management team; the review of materials provided to directors; and, participation in meetings of the Board and its committees. In accordance with our Bye-laws, the Board has specified that the number of directors will be set at no less than five nor more than fifteen. At December 31, 2021 we had nine directors on our Board, and currently have eight directors on our Board. Under our Bye-laws, one third (or the number nearest one third) of the Board (with the exception of any executive director) retires by rotation each year. The Bye-laws require that the one third of the directors to retire by rotation be those who have been in office longest since their last appointment or re-appointment. The Bye-laws specify that where the directors to retire have been in office for an equal length of time, those to retire are to be determined by lot (unless they agree otherwise among themselves).

### **Independence of Directors**

The foundation for the Company's corporate governance is the Board's policy that a majority of the members of the Board should be independent. With the exception of the two Executive Directors (Messrs. Tsakos and Saroglou) and one Non-executive Director (Mr. Jolliffe), the Board believes that each of the other incumbent directors (Messrs. Tommasino, Arapoglou, Mitropoulos and Petropoulos and Drs. Patrinos) is independent under the standards established by the New York Stock Exchange (the "NYSE") because none has a material relationship with the Company directly or indirectly or any relationship that would interfere with the exercise of their independent judgment as directors of the Company. We currently have an audit committee composed solely of two independent committee members, whereas a domestic U.S. public company would be required to have three such independent members.

The Board made its determination of independence in accordance with its Corporate Governance Guidelines, which specify standards and a process for evaluating director independence. The Guidelines provide that:

- A director cannot be independent if he or she fails to meet the objective requirements as to "independence" under the NYSE listing standards.
- If a director meets the objective NYSE standards, he or she will be deemed independent, absent unusual circumstances, if in the current year and the past three years the director has had no related-party transaction or relationship with the Company or an "interlocking" relationship with another entity triggering disclosure under SEC rules.
- If a director who meets the objective NYSE independence requirements either has had a disclosable transaction or relationship or the Corporate Governance, Nominating and Compensation Committee requests that the Board consider any other circumstances in determining the director's independence, the Board will make a determination of the director's independence.

To promote open discussion among the independent directors, those directors met in regularly scheduled executive sessions in 2021 without participation of the Company's management and will continue to do so in 2022. Dr. Patrinos serves as the Presiding Director for purposes of these meetings.

### **Documents Establishing Our Corporate Governance**

The Board and the Company's management have engaged in an ongoing review of our corporate governance practices in order to oversee our compliance with the applicable corporate governance rules of the NYSE and the SEC.

The Company has adopted a number of key documents that are the foundation of its corporate governance, including:

- a Code of Business Conduct and Ethics for Directors, Officers and Employees;
- a Corporate Governance, Nominating and Compensation Committee Charter; and
- an Audit Committee Charter.

These documents and other important information on our governance, including the Board's Corporate Governance Guidelines, are posted in the "Investor Relations" section of the Tsakos Energy Navigation Limited website, and may be viewed at <http://www.tenn.gr>. We will also provide any of these documents in hard copy upon the written request of a shareholder. Shareholders may direct their requests to the attention of Investor Relations, c/o George Saroglou or Paul Durham, Tsakos Energy Navigation Limited, 367 Syngrou Avenue, 175 64 P. Faliro, Athens, Greece.

The Board has a long-standing commitment to sound and effective corporate governance practices. The Board's Corporate Governance Guidelines address a number of important governance issues such as:

- Selection and monitoring of the performance of the Company's senior management;
- Succession planning for the Company's senior management;
- Qualifications for membership on the Board;
- Functioning of the Board, including the requirement for meetings of the independent directors; and
- Standards and procedures for determining the independence of directors.

The Board believes that the Corporate Governance Guidelines and other governance documents meet current requirements and reflect a very high standard of corporate governance.

#### **Committees of the Board**

The Board has established an Audit Committee, a Corporate Governance, Nominating and Compensation Committee, a Business Development and Capital Markets Committee and an Operational, Safety and Environmental ("OSE") Committee.

#### **Audit Committee**

The current members of the Audit Committee are Messrs. Tommasino and Arapoglou each of whom is an independent director. Mr. Tommasino is the Chairman of the committee. The Audit Committee is governed by a written charter, which is approved and adopted annually by the Board. The Board has determined that the continuing members of the Audit Committee meet the applicable independence requirements, and that all continuing members of the Audit Committee meet the requirement of being financially literate. The Audit Committee is appointed by the Board and is responsible for, among other matters:

- engaging the Company's external and internal auditors;
- approving in advance all audit and non-audit services provided by the auditors;
- approving all fees paid to the auditors;
- reviewing the qualification and independence of the Company's external auditors;
- discussing compliance with accounting standards and any proposals which the external auditors have made regarding the Company's accounting standards with the external auditors;
- overseeing the Company's financial reporting and internal control functions;
- overseeing the Company's whistleblower's process and protection;

- overseeing general compliance with related regulatory requirements;
- overseeing the executive management’s identification and assessment of risks that the Company faces and the establishment of a risk management structure capable of addressing and mitigating those risks;
- overseeing the division of risk-related responsibilities among each of the Board committees as clearly as possible and performing a gap analysis to confirm that the oversight of any risk is not missed;
- in conjunction with the full Board, approving the Company-wide risk management program; and
- assessing whether the Company’s technical and commercial managers have effective procedures for managing risks.

The Board of Directors has determined that each of Messrs. Tommasino and Arapoglou, whose biographical details are included herein, qualifies as an “audit committee financial expert” under current SEC regulations and each is independent in accordance with SEC rules and the listing standards of the NYSE.

#### **Corporate Governance, Nominating and Compensation Committee**

The current members of the Corporate Governance, Nominating and Compensation Committee are Messrs. Arapoglou, Mitropoulos, Tommasino and Petropoulos and Dr. Patrinos, each of whom is an independent director. Dr. Patrinos is the Chairman of the committee. The Corporate Governance, Nominating and Compensation Committee is appointed by the Board and is responsible for:

- developing and recommending to the Board corporate governance guidelines applicable to the company and keeping such guidelines under review;
- overseeing the evaluation of Board and management;
- arranging for an annual performance evaluation of the committee and producing an annual report to the Board;
- reviewing regularly the Board structure, size and composition and making recommendations to the Board with regard to any adjustments that are deemed necessary;
- identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise;
- implementing plans for succession, making recommendations to the Board for the continuation in service of an executive director and recommending directors who are retiring by rotation to be put forward for re-election;
- determining the compensation of the non-executive directors, determining and administering the Company’s long term incentive plans, including any equity based plans and grants under them; and
- producing an annual report on executive compensation as required by the SEC to be included in the Company’s annual proxy statement or annual report.

#### **Business Development and Capital Markets Committee**

The current members of the Business Development and Capital Markets Committee are Messrs. Arapoglou, Jolliffe, Saroglou and Tsakos. Mr. Jolliffe is Chairman of the committee. The Business Development and Capital Markets Committee was established in 2014 for the purpose of overseeing the financial policies and activities of the Company and its subsidiaries relating to the Company’s capital structure and capital raising activities. The committee reviews and approves presentations to, and communications with, shareholders, financial analysts, and potential investors and oversees the establishment and maintenance of the Company’s relations with investment banks and financial institutions, as well as the development and expansion of the Company’s business, including the evaluation of strategic growth opportunities.

#### **Operational, Safety and Environmental Committee**

The current members of the Operational, Safety and Environmental Committee are Messrs. Jolliffe, Mitropoulos Papageorgiou and Dr. Patrinos. Mr. Mitropoulos is Chairman of the committee. The primary role of the OSE Committee is to draw the attention of the Board and the Company’s management to issues of concern regarding the safety of crew and vessels and the impact of the maritime industry on the environment, to provide an update on related legislation and technological innovations, and more specifically highlight areas in which the Company itself may play a more active role in being in the forefront of adopting operational procedures and technologies that will ensure maximum safety for crew and vessels and contribute to a better environment.

#### **Board Compensation**

We pay no cash compensation to our directors who are executive officers. For the year ended December 31, 2021, the aggregate cash compensation of all of the members of the Board was \$632,500 per the following annual fee schedule, which was approved by the shareholders of the Company on June 24, 2021:

- Service on the Board—\$60,000
- Service on the Audit Committee—\$20,000

- Service on the Business Development and Capital Markets Committee—\$10,000
- Service on the Operational, Safety and Environmental Committee—\$10,000
- Service as Chairman of the Corporate Governance, Nominating and Compensation Committee—\$10,000
- Service as Chairman of the Operational, Safety and Environmental Committee—\$10,000
- Service as Chairman of the Audit Committee—\$30,000
- Service as Chairman of the Business Development and Capital Markets Committee—\$30,000
- Service as Chairman of the Board—\$40,000

No fees are paid for service on the Corporate Governance and Nominating and Compensation Committee.

We do not provide benefits for directors upon termination of their service with us.

#### **Management Company**

Tsakos Energy Management, under its management agreement with us, provides overall executive and commercial management of our affairs in exchange for a monthly management fee. See “Management and Other Fees” in Item 7 for more information on the management agreement and the management fees we paid for the fiscal year ended December 31, 2021.

[Table of Contents](#)

## Management Compensation

Messrs. Tsakos, Saroglou, Durham and Papageorgiou serve as President and Chief Executive Officer, Vice President and Chief Operating Officer, Chief Financial Officer and Chief Accounting Officer, and Chief Marine Officer, respectively. Such individuals are employees of Tsakos Energy Management, except for Mr. Papageorgiou who is an employee of Tsakos Shipping, and, except for the equity compensation discussed below and the compensation paid to Mr. Papageorgiou for service on the OSE Committee, are not directly compensated by the Company. Although he is not a member of the Board, our Chief Marine Officer, Mr. Papageorgiou serves on the Operational, Safety and Environmental Committee and receives the same \$10,000 per annum cash compensation for service on such committee as is paid to non-executive members of the Board serving thereon.

From 2010 to 2014 the Corporate Governance, Nominating and Compensation Committee did not establish a performance incentive program for Tsakos Energy Management. In May 2015, a management incentive award program based on various performance criteria was approved by the Board of Directors. In March 2019 and October 2018 the Board of Directors decided to reward the management company with an award of \$0.5 million and \$0.2 million, respectively, based on various performance criteria, and taking into account cash availability and market volatility. The award is accounted for on a straight-line basis within the year it is determined. In 2021, an amount of \$0.5 million was awarded to Tsakos Energy Management relating to various performance criteria. In 2020, an amount of \$1.5 million was awarded to Tsakos Energy Management relating to various performance criteria and an amount of \$1.5 million was awarded to Tsakos Energy Management in relation to newbuilding program of 2020. There was no such an award in 2019.

## Employees

Tsakos Energy Navigation Limited has no salaried employees. All crew members are employed by the owning-company of the vessel on which they serve, except where the vessel may be on a bareboat charter-out, or where the vessels or the crewing thereof, are under third-party management arranged by our technical managers. All vessel owning-companies are subsidiaries of Tsakos Energy Navigation Limited. Approximately 1,400 officers and crew members served on board the vessels we own and were managed by our technical managers as of December 31, 2021.

## Share Ownership

The common shares beneficially owned by our directors and senior managers and/or companies affiliated with these individuals are disclosed in “Item 7. Major Shareholders and Related Party Transactions” below.

## Stock Compensation Plan

At the 2012 Annual Meeting of Shareholders, our shareholders approved a share-based incentive plan (the “2012 Plan”). This plan permits us to grant share options or other share based awards to our directors and officers, to the officers of the vessels in the fleet, and to the directors, officers and employees of our manager, Tsakos Energy Management, and our commercial manager, Tsakos Shipping.

The purpose of the 2012 Plan is to provide a means to attract, retain, motivate and reward the persons whose performance of administrative, commercial, management, technical and maritime services are important for the Company by increasing their ownership in our Company. Awards under the 2012 Plan may include options to purchase our common shares, restricted share awards, other share-based awards (including share appreciation rights granted separately or in tandem with other awards) or a combination thereof.

The 2012 Plan is administered by our Corporate Governance, Nominating and Compensation Committee. Such committee has the authority, among other things, to: (i) select the present or prospective directors, officers, consultants and other personnel entitled to receive awards under the 2012 Plan; (ii) determine the form of awards, or combinations of awards; (iii) determine the number of shares covered by an award; and (iv) determine the terms and conditions of any awards granted under the 2012 Plan, including any restrictions or limitations on transfer, any vesting schedules or the acceleration of vesting schedules and any forfeiture provision or waiver of the same. The 2012 Plan authorizes the issuance of up to 1,000,000 Common Shares in the form of restricted stock units (“RSUs”) or options, of which 134,290 Common Shares remain available for issuance. In 2021, 2020 and 2019, no RSUs or other awards were issued. As of December 31, 2021, there were no outstanding (non-vested) RSUs or other equity awards.

Total stock compensation expense recognized was \$nil for the years ended December 31, 2021, December 31, 2020, and December 31, 2019.

## Item 7. Major Shareholders and Related Party Transactions

It is our policy that transactions with related parties are entered into on terms no less favorable to us than would exist if these transactions were entered into with unrelated third parties. Tsakos Energy Management has undertaken to ensure that all transactions with related parties are reported to the board of directors. Under the management agreement, any such transaction or series of transactions involving payments in excess of \$100,000 and which is not in the ordinary course of business requires the prior consent of the board of directors. Transactions not involving payments in excess of \$100,000 may be reported quarterly to the board of directors.

To help minimize any conflict between our interests and the interests of other companies affiliated with the Tsakos family and the owners of other vessels managed by such companies if an opportunity to purchase a tanker which is 10 years of age or younger is referred to or developed by Tsakos Shipping, Tsakos Shipping will notify us of this opportunity and allow us a 10 business day period within which to decide whether or not to accept the opportunity before offering it to any of its affiliates or other clients.

The following table sets forth the amounts charged by related parties for services rendered (in thousands of U.S. dollars):

	2021	2020	2019
Tsakos Shipping and Trading S.A. (commissions)	6,821	8,060	7,405
Tsakos Energy Management Limited (management fees)	20,203	20,271	20,147
Tsakos Columbia Shipmanagement S.A. (special charges)	2,186	1,327	2,038
Argosy Insurance Company Limited (insurance premiums)	10,002	9,480	9,519
AirMania Travel S.A. (travel services)	5,098	4,380	5,617
<b>Total expenses with related parties</b>	<b>44,310</b>	<b>43,518</b>	<b>44,726</b>

### Management Affiliations

Nikolas P. Tsakos, our president, chief executive officer and one of our directors, is an officer, director and the sole shareholder of Tsakos Energy Management. He is also the son of the founder of Tsakos Shipping.

George V. Saroglou, our chief operating officer and one of our directors, is a cousin of Nikolas P. Tsakos.

### Management and Other Fees

We prepay or reimburse our technical manager at cost for all vessel operating expenses payable by them in their capacity as technical manager of the fleet. At December 31, 2021 and 2020, the outstanding advances to TCM amounted to \$14.6 million and \$20.7 million, and the amount due to Tsakos Shipping was \$1.4 million and \$1.4 million, respectively. In 2021, 2020 and 2019, an additional amount of \$2.2 million, \$1.3 million and \$2.0 million, respectively, was paid in fees directly by the Company to TCM for additional services it provided or arranged in relation to information technology, application of corporate governance procedures required by the Company and seafarers' training.

From the management fee we pay Tsakos Energy Management, Tsakos Energy Management in turn pays a management fee to TCM for its services as technical manager of the fleet. Under the terms of our management agreement with Tsakos Energy Management, we paid Tsakos Energy Management total management fees of \$20.2 million in 2021, \$20.3 million in 2020 and \$20.1 million in 2019. In 2021, 2020 and 2019, we granted Tsakos Energy Management an incentive award of \$0.5 million, \$1.5 million and \$0.5 million, respectively. In addition, a special award of \$1.5 million was paid to Tsakos Energy Management in relation to newbuilding program in 2020. No special award was granted in 2019.

## Management Agreement

Our management agreement with Tsakos Energy Management was amended and restated on March 8, 2007 and has a term of ten years that renews annually. Tsakos Energy Management may terminate the management agreement at any time upon not less than one year's notice. In addition, either party may terminate the management agreement under certain circumstances, including the following:

- certain events of bankruptcy or liquidation involving either party;
- a material breach by either party; or
- a failure by Tsakos Energy Management, for a continuous period of two months, materially to perform its duties because of certain events of force majeure.

Moreover, following a change in control of us, which would occur if at least one director were elected to our Board without having been recommended by our existing Board, Tsakos Energy Management may terminate the agreement on 10 business days' notice. If Tsakos Energy Management terminates the agreement for this reason, then we would immediately be obligated to pay Tsakos Energy Management the present discounted value of all of the payments that would have otherwise been due under the management agreement up until June 30 of the tenth year following the date of termination plus the average of the incentive awards previously paid to Tsakos Energy Management multiplied by ten. Under these terms, therefore, a termination as of December 31, 2021 would have resulted in a payment of approximately \$156.6 million. Under the terms of the Management Agreement between the Company and Tsakos Energy Management, the Company may terminate the agreement only under specific circumstances, such as breach of contract by the manager and change of control in the shareholding of the manager without the prior approval of the Company's Board of Directors.

Under the management agreement, we pay monthly fees for Tsakos Energy Management's management of the vessels in the fleet. These fees are based on the number of ships in the fleet. The per-ship charges begin to accrue for a vessel at the point that a newbuilding contract is acquired, which may be 18 to 24 months before the vessel begins to earn revenue. For 2021, monthly fees for operating conventional vessels continued to be \$27.5 thousand per owned vessel, apart from seven vessels which are managed by a third party with monthly management fees of \$28.0 thousand per vessel, and \$20.4 thousand for chartered-in vessels and vessels bareboat chartered out. Monthly management fees for the DP2 shuttle tankers continue to be \$35.0 thousand per vessel. Monthly management fees for vessels managed by a third party i.e. the suezmax *Eurochampion 2004*, the aframax *Maria Princess*, *Sapporo Princess* and the VLCCs *Ulysses and Hercules*, were \$28.0 thousand of which \$15.0 thousand was payable to the third-party manager and the handymaxes *Afrodite* and *Ariadne* were \$27.5 thousand of which \$14.5 thousand was payable to the third-party manager. The monthly fee for the LNG carriers is \$37.8 thousand of which \$10.0 thousand is payable to Tsakos Energy Management and \$27.8 thousand to the third-party manager. We paid Tsakos Energy Management aggregate management fees of \$20.2 million in 2021, \$20.3 million in 2020 and \$20.1 million in 2019.

## Chartering Commissions, Sale and Purchase Commissions and Vessel New-delivery Fees

We pay a chartering commission to Tsakos Shipping equal to 1.25% on all freights, hires and demurrages involving our vessels. Tsakos Shipping may also charge a brokerage commission on the sale of a vessel. In 2021, the panamax tanker *Maya* was sold and for this service, Tsakos Shipping charged a brokerage commission of \$0.1 million, representing 1.0% of the sale price. In 2020, the suezmax tanker *Silia T.* and the handysize tanker *Didimon* were sold and for this service, Tsakos Shipping charged a brokerage commission of \$0.2 million in total, representing 1.0% of the sale price of each vessel. There was no such brokerage commission in 2019. We have been charged by Tsakos Shipping chartering and brokerage commissions aggregating \$6.8 million in 2021 (\$8.1 million in 2020 and \$7.4 million in 2019).

Tsakos Shipping may also charge a fee of \$0.2 million (or such other sum as may be agreed) on delivery of each newbuilding vessel in payment for the cost of design and supervision of the newbuilding by Tsakos Shipping. This amount is added to the cost of the vessels concerned and is amortized over their remaining lives. In 2020, \$1.0 million in aggregate was paid for supervision fees on four vessels which were delivered in the fourth quarter of 2019 and throughout 2020. No such fee was paid in 2021 and 2019.

## Captive Insurance Policies

We pay Argosy Insurance Company, an affiliate of Tsakos family interests, premiums to provide hull and machinery, increased value and loss of hire insurance for our vessels. In 2021, 2020 and 2019, we were charged an aggregate of \$10.0 million, \$9.5 million and \$9.5 million, respectively, by Argosy for insurance premiums.

## Travel Services

We use AirMania Travel S.A., an affiliate of Tsakos family interests, for travel services primarily to transport our crews to and from our vessels. In 2021, 2020 and 2019, we were charged an aggregate of \$5.1 million, \$4.4 million, \$5.6 million, respectively, by AirMania for travel services.

## Major Shareholders

The following table sets forth certain information regarding the beneficial ownership of our outstanding common shares as of April 21, 2022 held by:

- each person or entity that we know beneficially owns 5% or more of our common shares; and
- all our directors and officers as a group.

Beneficial ownership is determined in accordance with the rules of the SEC. In general, a person who has or shares voting power or investment power with respect to securities is treated as a beneficial owner of those securities. Beneficial ownership does not necessarily imply that the named person has the economic or other benefits of ownership. Under SEC rules, shares subject to options, warrants or rights currently exercisable or exercisable within 60 days are considered as beneficially owned by the person holding those options, warrants or rights. The applicable percentage of ownership of each shareholder is based on 28,169,637 Common Shares outstanding on April 21, 2022. Information for certain holders is based on their latest filings with the SEC or information delivered to us.

Name of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Outstanding Common Shares
Tsakos Holdings Foundation(1)	3,163,003	11.2%
Redmont Trading Corp.(1)	738,001	2.6%
First Tsakos Investments Inc.(1)	2,425,002	8.6%
Konstantinos Konstantakopoulos (2)	2,348,213	8.3%
Sea Consolidation S.A. of Panama(3)	1,435,000	5.1%
Methoni Shipping Company Limited (3)	1,363,702	4.8%
Intermed Champion S.A. of Panama(3)	813,500	2.9%
Tsakos Energy Management Ltd. (3)	515,000	1.8%
All officers and directors as a group (10 persons)(4)	120,476	*

\*Less than 1%.

- (1) Tsakos Holdings Foundation (“Tsakos Holdings”) is the sole holder of outstanding capital stock of First Tsakos Investments Inc. (“First Tsakos”) and Redmont Trading Corp. (“Redmont”) and may be deemed to have shared voting and dispositive power of the common shares reported by Redmont. Tsakos Holdings is a Liechtenstein foundation whose beneficiaries include persons and entities affiliated with the Tsakos family, charitable institutions and other unaffiliated persons and entities. The council which controls Tsakos Holdings consists of five members, two of whom are members of the Tsakos family. Under the rules of the SEC, beneficial ownership includes the power to directly or indirectly vote or dispose of securities or to share such power. It does not necessarily imply economic ownership of the securities. Members of the Tsakos family are among the five council members of Tsakos Holdings and accordingly may be deemed to share voting and/or dispositive power with respect to the shares owned by Tsakos Holdings and may be deemed the beneficial owners of such shares.
- (2) Based solely upon the Amendment No. 2 to Schedule 13G filed on January 21, 2022 by Longshaw Maritime Investments S.A. and Konstantinos Konstantakopoulos, Longshaw Maritime Investments S.A. is controlled by Konstantinos Konstantakopoulos, resulting in his indirect ownership of all 2,348,213 common shares.

- (3) Sea Consolidation S.A. of Panama (“Sea Consolidation”), Intermed Champion S.A. of Panama (“Intermed”), Methoni Shipping Company Limited (“Methoni”), Panayotis Tsakos and Nikolas Tsakos beneficially owned 1,435,000, 813,500, 1,363,702, 515,000, 3,612,202 and 4,168,802 common shares, respectively. Each of Panayotis Tsakos and Nikolas Tsakos, our president and chief executive officer, shares voting and dispositive control over the common shares held by each of Sea Consolidation, Intermed and Methoni and may be deemed to indirectly beneficially own such common shares. Nikolas Tsakos controls Tsakos Energy Management Ltd. and may be deemed to indirectly own the common shares held by Tsakos Energy Management Ltd. Panayotis Tsakos is the father of Nikolas Tsakos.
- (4) Does not include shares owned by Tsakos Holdings, First Tsakos, Redmont Trading Corp., Sea Consolidation, Intermed, Tsakos Energy Management Ltd. or Methoni.

Based on information provided to us, entities affiliated with Panayotis Tsakos and Nikolas Tsakos own 310,000, or 8.8%, of our outstanding Series D Preferred Shares, 130,000, or 2.7%, of our outstanding Series E Preferred Shares, and 150,000, or 2.2%, of our outstanding Series F Preferred Shares as of April 21, 2022. Entities affiliated with Nikolas Tsakos own 5,000, or 0.01%, of our outstanding Series D Preferred Shares and 40,000, or 0.08%, of our outstanding Series E Preferred Shares and 100,000, or 1.5%, of our outstanding Series F Preferred Shares as of April 21, 2022.

To our knowledge, none of the entities in the above table own any other shares, and none of our other officers or directors own 1% or more, of our Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares or Series G Convertible Preferred Shares, as of April 21, 2022.

As of April 21, 2022, we had 11 holders of record of our common shares. These shareholders of record include CEDEFEST which, as nominee for the Depository Trust Company, is the record holder of 28,150,429 common shares representing approximately 99.9% of our outstanding common shares. CEDEFEST is the nominee of banks and brokers which hold shares on behalf of their customers, the beneficial owners of the shares, who may or may not be resident in the United States. However, apart from the shareholders indicated in the footnotes (1) and (2) above and certain of the directors and officers, we believe that the majority of the remaining shareholders are resident in the United States. The Company is not aware of any arrangements the operation of which may at a subsequent date result in a change of control of the Company.

## **Item 8. Financial Information**

See “Item 18. Financial Statements” below.

*Significant Changes.* No significant change has occurred since the date of the annual financial statements included in this Annual Report on Form 20-F.

*Legal Proceedings.* We are involved in litigation from time to time in the ordinary course of business. In our opinion, the litigation in which we are involved as of April 21, 2022, individually or in the aggregate, is not material to us.

Please refer to Note 12, Commitments and Contingencies, to our audited consolidated financial statements included elsewhere in this report.

*Dividend Policy.* While we cannot assure you that we will do so, and subject to the limitations discussed below, we intend to pay semi-annual cash dividends on our common shares.

We had 3,517,061 8.75% Series D Cumulative Redeemable Perpetual Preferred Shares outstanding as of April 21, 2022. The holders of those shares are entitled to a quarterly dividend of \$0.546875 per share payable quarterly in arrears on the 28<sup>th</sup> day of February, May, August and November each year when, as and if declared by our Board of Directors.

We had 4,745,947 Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares outstanding as of April 21, 2022. Dividends on the Series E Preferred Shares are cumulative from the date of original issue and are payable quarterly in arrears on the 28th day of February, May, August and November of each year, when, as and if declared by our Board of Directors. Dividends will be payable from cash available for dividends (i) from and including the original issue date to, but excluding, May 28, 2027 at a fixed rate equal to 9.25% per annum of the stated liquidation preference and (ii) from and including May 28, 2027, at a floating rate equal to three-month LIBOR plus a spread of 6.881% per annum of the stated liquidation preference. The quarterly dividend to which holders of the Series E Preferred Shares will be entitled during the fixed rate period will be \$0.578125 per share, when, as and if declared by our Board of Directors.

We had 6,747,147 Series F Cumulative Redeemable Perpetual Preferred Shares outstanding as of April 21, 2022. Dividends on the Series F Preferred Shares are cumulative from the date of original issue and are payable quarterly in arrears on the 30th day of January, April, July and October of each year, when, as and if declared by our Board of Directors. Dividends will be payable from cash available for dividends (i) from and including the original issue date to, but excluding, July 30, 2028 at a fixed rate equal to 9.50% per annum of the stated liquidation preference and (ii) from and including July 30, 2028, at a floating rate equal to three-month LIBOR plus a spread of 6.54% per annum of the stated liquidation preference. The quarterly dividend to which holders of the Series F Preferred Shares will be entitled during the fixed rate period will be \$0.59375 per share, when, as and if declared by our Board of Directors.

We had 459,286 of our Series G Redeemable Convertible Perpetual Preferred Shares, par value \$1.00 per share and liquidation preference \$10.00 per share, outstanding as of April 21, 2022. The Series G Convertible Preferred Shares have a stated coupon rate of 0%, subject to adjustment in the event of a cross-default or failure to redeem on any redemption date, and participate on an as-converted basis in dividends declared and paid on the Company's common shares.

There can be no assurance that we will pay dividends or as to the amount of any dividend. The payment and the amount will be subject to the discretion of our board of directors and will depend, among other things, on available cash balances, anticipated cash needs, our results of operations, our financial condition, and any loan agreement restrictions binding us or our subsidiaries, as well as other relevant factors. For example, if we earned a capital gain on the sale of a vessel or newbuilding contract, we could determine to reinvest that gain instead of using it to pay dividends. Depending on our operating performance for that year, this could result in no dividend at all despite the existence of net income, or a dividend that represents a lower percentage of our net income. Of course, any payment of cash dividends could slow our ability to renew and expand our fleet.

Because we are holding a company with no material assets other than the stock of our subsidiaries, our ability to pay dividends will depend on the earnings and cash flow of our subsidiaries and their ability to pay dividends to us.

Under the terms of certain of our existing bank loans, we are permitted to declare or pay a cash dividend in any year as long as we are not in default under such bank loans and an event of default would not occur as a result of the payment of such dividends. In addition, cash dividends can be paid only to the extent permitted by Bermuda law. See "Item 10. Additional Information—Description of Share Capital—Bermuda Law—Dividends." See "Item 3. Key Information—Risks Related to our Common and Preferred Shares—We may not be able to pay cash dividends on our common shares or preferred shares as intended if market conditions change."

## **Item 9. The Offer and Listing**

Our common shares are listed on the New York Stock Exchange and the Bermuda Stock Exchange. Following a decision of our Board of Directors, our common shares were de-listed from Oslo Børs on March 18, 2005. Our common shares are not actively traded on the Bermuda Stock Exchange.

### **Trading on the New York Stock Exchange**

Since our initial public offering in the United States in March of 2002, our common shares have been listed on the New York Stock Exchange under the ticker symbol "TNP."

Since April 2015, our Series D Preferred Shares have been listed on the New York Stock Exchange under the ticker symbol "TNP PR D."

Since April 6, 2017, our Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares have been listed on the New York Stock Exchange under the ticker symbol "TNP PR E".

Since July 3, 2018, our Series F Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares have been listed on the New York Stock Exchange under the ticker symbol "TNP PR F".

## **Item 10. Additional Information**

### **DESCRIPTION OF SHARE CAPITAL**

Our authorized share capital consists of 35,000,000 common shares, par value \$5.00 per share, and 25,000,000 blank check preferred shares, \$1.00 par value per share. 3,910,000 preferred shares have been designated 8.75% Series D Cumulative Redeemable Perpetual Preferred Shares as described below under "—Series D Preferred Shares", 5,000,000 preferred shares have been designated Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares as described below under "—Series E Preferred Shares", 8,100,000 preferred shares have been designated Series F Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares as described below under "—Series F Preferred Shares" and 459,286 preferred shares have been designated Series G Redeemable Convertible Perpetual Preferred Shares as described below under "—Series G Convertible Preferred Shares." As of April 21, 2022, there were outstanding: 28,169,637 common shares (and 678,173 common shares issued and held as treasury shares), 3,517,061 8.75% Series D Cumulative Redeemable Perpetual Preferred Shares, 4,745,947 9.25% Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares, 6,747,147 9.50% Series F Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares and 459,286 Series G Redeemable Convertible Perpetual Preferred Shares.

### **Common Shares**

The holders of common shares are entitled to receive dividends out of assets legally available for that purpose at times and in amounts as our board of directors may from time to time declare. Each shareholder is entitled to one vote for each common share held on all matters submitted to a vote of shareholders. Cumulative voting for the election of directors is not provided for in our Bye-laws, which means that the holders of a majority of the common shares voted can elect all of the directors then standing for election. Our Bye-laws provide for a staggered board of directors, with one-third of those directors who are not managing directors (as defined in our Bye-laws and which consist of our executive directors) selected each year. The common shares are not entitled to preemptive rights and are not subject to conversion or redemption. Upon the occurrence of a liquidation, dissolution or winding-up, the holders of common shares would be entitled to share ratably in the distribution of all of our assets remaining available for distribution after satisfaction of all our liabilities.

### **Preferred Shares**

Under our Bye-laws, our board of directors has the authority to issue preferred shares in one or more series, and to establish the terms and preferences of the shares of each series, up to the number of preferred shares authorized under our constitutive documents as described above. Holders of each series of preferred shares will be entitled to receive cash dividends, when, as and if declared by our board of directors out of funds legally available for dividends. Such distributions will be made before any distribution is made on any securities ranking junior in relation to preferred shares in liquidation, including common shares.

#### ***Series D Preferred Shares***

We have 3,517,061 of our 8.75% Series D Cumulative Redeemable Perpetual Preferred Shares outstanding as of April 21, 2022, which were issued on April 29, 2015, in the first quarter of 2017, during 2021 and in the first quarter of 2022. The initial liquidation preference of the Series D Preferred Shares is \$25.00 per share, subject to adjustment. The shares are redeemable by us at any time after April 29, 2020. The shares carry an annual dividend rate of 8.75% per \$25.00 of liquidation preference per

share. The Series D Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, do not give rise to a claim for payment of a principal amount at a particular date. As such, the Series D Preferred Shares rank junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us. Upon any liquidation or dissolution of us, holders of the Series D Preferred Shares and any pari passu securities will generally be entitled to receive, on a pro rata basis, the liquidation preference of the Series D Preferred Shares, or, in the case of pari passu securities, the liquidation preference of such series of pari passu securities, plus an amount equal to accumulated and unpaid dividends ratably with any pari passu securities, after satisfaction of all liabilities to our creditors and holders of securities senior to the Series D Preferred Shares, but before any distribution is made to or set aside for the holders of junior shares, including our common shares. The Series D Preferred Shares rank pari passu with the Series E Preferred Shares and the Series F Preferred Shares and Series G Convertible Preferred Shares. The Series D Preferred Shares are not convertible into common shares or other of our securities, do not have exchange rights and their holders are not entitled to any preemptive or similar rights.

#### ***Series E Preferred Shares***

We had 4,745,947 of our 9.25% Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares outstanding as of April 21, 2022, which were issued on April 5, 2017, during 2021 and in the first quarter of 2022. The initial liquidation preference of the Series E Preferred Shares is \$25.00 per share, subject to adjustment. The shares are redeemable by us at any time on or after May 28, 2027. Dividends on the Series E Preferred Shares are cumulative from the date of original issue and will be payable quarterly in arrears on the 28th day of February, May, August and November of each year, commencing May 28, 2017, when, as and if declared by our board of directors. Dividends will be payable from cash available for dividends (i) from and including the original issue date to, but excluding, May 28, 2027 at a fixed rate equal to 9.25% per annum of the stated liquidation preference and (ii) from and including May 28, 2027, at a floating rate equal to three-month LIBOR plus a spread of 6.881% per annum of the stated liquidation preference. The Series E Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, do not give rise to a claim for payment of a principal amount at a particular date. As such, the Series E Preferred Shares rank junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us. Upon any liquidation or dissolution of us, holders of the Series E Preferred Shares and any pari passu securities will generally be entitled to receive, on a pro rata basis, the liquidation preference of the Series E Preferred Shares, or, in the case of pari passu securities, the liquidation preference of such series of pari passu securities, plus an amount equal to accumulated and unpaid dividends ratably with any pari passu securities, after satisfaction of all liabilities to our creditors and holders of securities senior to the Series E Preferred Shares, but before any distribution is made to or set aside for the holders of junior shares, including our common shares. The Series E Preferred Shares rank pari passu with the Series D Preferred Shares, the Series F Preferred Shares and Series G Convertible Preferred Shares. The Series E Preferred Shares are not convertible into common shares or other of our securities, do not have exchange rights and their holders are not entitled to any preemptive or similar rights.

#### ***Series F Preferred Shares***

We had 6,747,147 of our 9.50% Series F Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares outstanding as of April 21, 2022, which were issued on June 28, 2018, during 2021 and in the first quarter of 2022. The initial liquidation preference of the Series F Preferred Shares is \$25.00 per share, subject to adjustment. The shares are redeemable by us at any time on or after July 30, 2028. Dividends on the Series F Preferred Shares are cumulative from the date of original issue and will be payable quarterly in arrears on the 30th day of January, April, July and October of each year, commencing October 30, 2018, when, as and if declared by our board of directors. Dividends will be payable from cash available for dividends (i) from and including the original issue date to, but excluding, July 30, 2028 at a fixed rate equal to 9.50% per annum of the stated liquidation preference and (ii) from and including July 30, 2028, at a floating rate equal to three-month LIBOR plus a spread of 6.54% per annum of the stated liquidation preference. The Series F Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, do not give rise to a claim for payment of a principal amount at a particular date. As such, the Series F Preferred Shares rank junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us. Upon any liquidation or dissolution of us, holders of the Series F Preferred Shares and any pari passu securities will generally be entitled to receive, on a pro rata basis, the liquidation preference of the Series F Preferred Shares, or, in the case of pari passu securities, the liquidation preference of such series of pari passu securities, plus an amount equal to accumulated and unpaid dividends ratably with any pari passu securities, after satisfaction of all liabilities to our creditors and holders of securities senior to the Series F Preferred Shares, but before any distribution is made to or set aside for the holders of junior shares, including our common shares. The Series F Preferred Shares rank pari passu with the Series D Preferred Shares, Series E Preferred and Series G Convertible Preferred Shares. The Series F Preferred Shares are not convertible into common shares or other of our securities, do not have exchange rights and their holders are not entitled to any preemptive or similar rights.

### **Series G Convertible Preferred Shares**

We had 459,286 of our Series G Redeemable Convertible Perpetual Preferred Shares, par value \$1.00 per share and liquidation preference \$10.00 per share, outstanding as of April 21, 2022. We issued 3,500,000 Series G Convertible Preferred Shares at a purchase price of \$10.00 per share, in a private placement on September 25, 2019 (the “Series G Closing Date”) pursuant to a Share Purchase Agreement, dated September 23, 2019, between us, our subsidiary Shyris Shipping Company S.A. (“Shyris Shipping”) and AY Tank Limited, as purchaser. On December 23, 2019, 875,000 Series G Convertible Preferred Shares converted into 2,916,666 common shares and, on January 15, 2020, the holders of the Series G Convertible Preferred Shares converted 10,000 Series G Convertible Preferred Shares into 33,333 common shares and on February 1, 2021 we redeemed 1,798,651 Series G Convertible Preferred Shares in exchange for 1,900,000 Shyris Shipping Preferred Shares and on August 2, 2021 we redeemed 357,063 Series G Convertible Preferred Shares in exchange for 388,841 Shyris Shipping Preferred Shares (as defined below). The Series G Convertible Preferred Shares have a stated coupon rate of 0%, subject to adjustment in the event of a cross-default or failure to redeem on any redemption date and participate on an as-converted basis in dividends declared and paid on the Company’s common shares.

The Series G Convertible Preferred Shares are convertible at any time, at the option of the holder, at a conversion price of \$15.00 per share, representing a conversion rate of two-thirds of a common share per Series G Convertible Preferred Share. All or a portion of the Series G Convertible Preferred Shares will automatically convert into common shares at the conversion rate if the trading price of the Company’s common shares exceed certain levels between 130% and 170% of the conversion price. The holders, however, will be prohibited from converting the Series G Convertible Preferred Shares into common shares to the extent that, as a result of such conversion, the holder would own more than 9.99% of the total number common shares then issued and outstanding, provided that the holders may increase this ownership limitation upon 61-days’ notice to the Company.

The holders of the Series G Convertible Preferred Shares generally do not have voting rights. However, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series G Convertible Preferred Shares, voting as a single class, the Company may not adopt any amendment to its memorandum of association or bye-laws that materially or adversely alters or affects the preferences, powers or rights of the Series G Convertible Preferred Shares in any respect or any amendment to the Series G Convertible Preferred Shares Certificate of Designations. The Series G Convertible Preferred Shares rank *pari passu* with the Company’s other outstanding series of preferred shares and senior to the Company’s common shares with respect to dividend distributions and distributions upon any liquidation event.

As noted above, on February 1, 2021 (the “Initial Redemption Date”), outstanding Series G Convertible Preferred Shares, which had an aggregate redemption price of \$19.0 million were mandatorily exchanged for 1,900,000 Series B Cumulative Redeemable Perpetual Preferred Shares, par value \$0.001 per share, each with a liquidation preference of \$10.00 per share (the “Shyris Shipping Preferred Shares”) issued by a subsidiary of the Company, Shyris Shipping Company S.A., which owns all of the equity interests in subsidiaries which own four conventional crude oil tankers delivered in 2019 and 2020. On August 2, 2021, a further 388,841 Shyris Shipping Preferred Shares were issued in exchange for 357,063 Series G Convertible Preferred Shares. If certain limitations intended to ensure Shyris Shipping’s compliance with Section 883 of the Internal Revenue Code of 1986, as amended, cease to apply prior to the fifth anniversary of the Series G Closing Date, some or all of the 459,286 Series G Convertible Preferred Shares that remained outstanding as of April 21, 2022 will be mandatorily redeemed for Shyris Shipping Preferred Shares (or to the extent the aggregate mandatory redemption price of such Series G Convertible Preferred Shares exceeds \$16.0 million, converted into common shares at the conversion rate).

On the fifth anniversary of the Series G Closing Date, any Series G Convertible Preferred Shares that remain outstanding will automatically convert into the Company's common shares at the conversion rate (unless the Company elects to redeem such Series G Convertible Preferred Shares for cash). The redemption price for the Series G Convertible Preferred Shares is the higher of 95% of the as-converted value of the Series G Convertible Preferred Shares, based on a six-month VWAP of the Company's common shares, or a price providing for a return of 7.75% per annum on an actual/360-day basis on the Series G Convertible Preferred Shares, taking into account all dividends actually received on the Series G Convertible Preferred Shares.

The Shyris Shipping Preferred Shares are entitled to receive cumulative semi-annual dividends from Shyris Shipping at a rate of 7.50% per annum, payable in arrears on the 1st day of March and September of each year, as, when and if declared by the Shyris Shipping Board of Directors. Shyris Shipping paid dividends on the Shyris Shipping Preferred Shares amounting to \$0.9 million in the period ended December 31, 2021. On March 1, 2022, Shyris Shipping paid dividends on the Shyris Shipping Preferred Shares amounting to \$0.9 million for the period September 1, 2021, to and including February 28, 2022. The initial liquidation preference of the Shyris Shipping Preferred Shares is \$10.00 per share, subject to adjustment. Upon any liquidation or dissolution of Shyris Shipping, holders of Shyris Shipping Preferred Shares will generally be entitled to receive, on a pro rata basis, the liquidation preference of the Shyris Shipping Preferred Shares, plus an amount equal to accumulated and unpaid dividends ratably with any pari passu securities, after satisfaction of all liabilities to Shyris Shipping creditors, before any distribution is made to or set aside for the holders of junior shares, including the common shares of Shyris Shipping owned by the Company. At any time that Shyris Shipping Preferred Shares are outstanding, free cash flow available for distribution, as defined in the Statement of Designation of the Shyris Shipping Preferred Shares, is required to be applied by Shyris Shipping towards any accrued and unpaid dividends and redemption of such Shyris Shipping Preferred Shares before any dividends on, or repurchases or redemptions of, other equity securities of the Shyris Shipping Preferred Shares. The holders of the Shyris Shipping Preferred Shares have no right to vote on matters on which shareholders of the Company are entitled to vote. The holders of the Shyris Shipping Preferred Shares generally do not have any other voting rights, however, in the event that six semi-annual dividends, whether consecutive or not, payable on Shyris Shipping Preferred Shares are in arrears, the holders of Shyris Shipping Preferred Shares, will have the right, voting separately as a class, to elect one member of Shyris Shipping's board of directors and the affirmative vote or consent of the holders of at least two-thirds of the outstanding Shyris Shipping Preferred Shares, voting as a single class, are required for Shyris Shipping to take certain actions. The Shyris Shipping Preferred Shares are non-convertible and perpetual, and are redeemable by Shyris Shipping, in whole or in part, at redemption prices that decline over time to 100% of the deemed issuance price, plus any accrued and unpaid dividends, by the fifth anniversary of issuance or at 100% of the deemed issuance price, plus any accrued and unpaid dividends, at any time after issuance with cash from operations and in certain other circumstances. If Shyris Shipping, directly or indirectly, sells or otherwise voluntarily disposes of a vessel, including any of the four conventional tankers its wholly-owned subsidiaries currently own, or a stake in any vessel owning company or causes a vessel to be damaged or a charter or management agreement relating to any vessel to be terminated or breached, then all net proceeds (after payment of related expenses and associated debt) received therefrom is required to be used to redeem Shyris Shipping Preferred Shares. On April 15, 2022, Shyris Shipping redeemed 75,000 Shyris Shipping Preferred Shares for an aggregate redemption price of \$757,260. As of April 21, 2022, 2,213,841 Shyris Shipping Preferred Shares were outstanding.

#### **Bermuda Law**

We are an exempted company organized under the Companies Act 1981 of Bermuda, as amended (the "Companies Act 1981 of Bermuda"). Bermuda law and our Memorandum of Association and Bye-laws govern the rights of our shareholders. Our objects and purposes are set forth in paragraph 6 and the Schedule to our Memorandum of Association. Our objects and purposes include to act and to perform all the functions of a holding company in all its branches and to coordinate the policy and administration of any subsidiary company or companies wherever incorporated or carrying on business or of any group of companies of which we or any subsidiary of ours is a member or which are in any manner controlled directly or indirectly by us. The Companies Act 1981 of Bermuda differs in some material respects from laws generally applicable to United States corporations and their shareholders. The following is a summary of the material provisions of Bermuda law and our organizational documents. You should read the more detailed provisions of our Memorandum of Association and Bye-laws for provisions that may be important to you. You can obtain copies of these documents by following the directions outlined in "Available Information."

[Table of Contents](#)

*Dividends.* Under Bermuda law, a company may not pay dividends that are declared from time to time by its board of directors or make a distribution out of contributed surplus if there are reasonable grounds for believing that the company is, or would after the payment be, unable to pay its liabilities as they become due or that the realizable value of its assets would then be less than its liabilities.

*Voting rights.* Under Bermuda law, except as otherwise provided in the Companies Act 1981 of Bermuda or our Bye-laws, questions brought before a general meeting of shareholders are decided by a majority vote of common shareholders present at the meeting. Our Bye-laws provide that, subject to the provisions of the Companies Act 1981 of Bermuda, any question proposed for the consideration of the shareholders will be decided in a general meeting by a simple majority of the votes cast, on a show of hands, with each shareholder present (and each person holding proxies for any shareholder) entitled to one vote for each common share held by the common shareholder, except for special situations where a shareholder has lost the right to vote because he has failed to comply with the terms of a notice requiring him to provide information to the company pursuant to the Bye-laws, or his voting rights have been partly suspended under the Bye-laws as a consequence of becoming an interested person. In addition, a super-majority vote of not less than seventy-five percent (75%) of the votes cast at the meeting is required to effect any action related to the variation of class rights and a vote of not less than eighty percent (80%) of the votes cast at the meeting is required to effect any of the following actions: removal of directors, approval of business combinations with certain “interested” persons and for any alteration to the provisions of the Bye-laws relating to the staggered board, removal of directors and business combinations.

The Series D, Series E, Series F and Series G Convertible Preferred Shares have no voting rights except as set forth below or as otherwise provided by Bermuda law. In the event that six quarterly dividends, whether consecutive or not, payable on Series D, Series E or Series F Preferred Shares are in arrears, the holders of Series D, Series E and/or Series F Preferred Shares, as the case may be, will have the right, voting separately as a class together with holders of any other parity securities upon which like voting rights have been conferred and are exercisable, at the next meeting of shareholders called for the election of directors, to elect one member of our board of directors, and the size of our board of directors will be increased as needed to accommodate such change (unless the size of our board of directors already has been increased by reason of the election of a director by holders of parity securities upon which like voting rights have been conferred and with which the Series D, Series E or Series F Preferred Shares, respectively, voted as a class for the election of such director). The right of such holders of Series D, Series E or Series F Preferred Shares, as the case may be, to elect a member of our board of directors will continue until such time as all dividends accumulated and in arrears on the Series D, Series E or Series F Preferred Shares, as the case may be, have been paid in full, at which time such right will terminate, subject to re-vesting in the event of each and every subsequent failure to pay six quarterly dividends as described above. Upon any termination of the right of the holders of the Series D, Series E and Series F Preferred Shares and any other parity securities to vote as a class for directors, the term of office of all directors then in office elected by such holders voting as a class will terminate immediately. Any directors elected by the holders of the Series D, Series E and Series F Preferred Shares and any other parity securities shall each be entitled to one vote per director on any matter before our board of directors.

Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the issued and outstanding, Series D, Series E, Series F and Series G Convertible Preferred Shares, respectively, each voting as a single class, we may not adopt any amendment to the Memorandum of Association that adversely alters the preferences, powers or rights of Series D, Series E, Series F and Series G Convertible Preferred Shares in any material respect;

In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the issued and outstanding, Series D, Series E and Series F Preferred Shares, respectively, each voting as a single class, we may not

- issue any securities ranking *pari passu* with the Series D, Series E and Series F Preferred Shares if the cumulative dividends payable on outstanding Series D, Series E or Series F Preferred Shares, as applicable, are in arrears; or
- create or issue any equity securities ranking senior to the Series D, Series E and Series F Preferred Shares.

On any matter described above in which the holders of the Series D, Series E, Series F and Series G Convertible Preferred Shares, respectively, are entitled to vote as a class, such holders will be entitled to one vote per share. The Series D, Series E, Series F and Series G Convertible Preferred Shares held by us or any of our subsidiaries or affiliates will not be entitled to vote.

Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the issued and outstanding Series G Convertible Preferred Shares we also may not:

- adopt any amendment to the Certificate of Designation of such series (including by merger, consolidation or otherwise); or
- split, combine, reverse split or undertake a similar action with respect to the Series G Convertible Preferred Shares.

*Rights in liquidation.* Under Bermuda law, in the event of liquidation or winding up of a company, after satisfaction in full of all claims of creditors and subject to the preferential rights accorded to any series of preferred shares, the proceeds of the liquidation or winding up are distributed ratably among the holders of the company’s common shares.

*Meetings of shareholders.* Bermuda law provides that a special general meeting may be called by the board of directors and must be called upon the request of shareholders holding not less than 10% of the paid-up capital of the company carrying the right to vote. Bermuda law also requires that shareholders be given at least five (5) days’ advance notice of a general meeting but the accidental omission to give notice to, or the non-receipt of such notice by, any person does not invalidate the proceedings at a meeting. Under our Bye-laws, we must give each shareholder at least ten (10) days’ notice and no more than fifty (50) days’ notice of the annual general meeting and of any special general meeting.

Under Bermuda law, the number of shareholders constituting a quorum at any general meeting of shareholders is determined by the Bye-laws of a company. Our Bye-laws provide that the presence in person or by proxy of two shareholders constitutes a quorum; but if we have only one shareholder, one shareholder present in person or by proxy shall constitute the necessary quorum.

*Access to books and records and dissemination of information.* Members of the general public have the right to inspect the public documents of a company available at the office of the Registrar of Companies in Bermuda. These documents include a company's Certificate of Incorporation, its Memorandum of Association (including its objects and powers) and any alteration to its Memorandum of Association. The shareholders have the additional right to inspect the Bye-laws of the company, minutes of general meetings and the company's audited financial statements, which must be presented at the annual general meeting. The register of shareholders of a company is also open to inspection by shareholders without charge and by members of the general public without charge. A company is required to maintain its share register in Bermuda but may, subject to the provisions of Bermuda law, establish a branch register outside Bermuda. We maintain a share register in Hamilton, Bermuda. A company is required to keep at its registered office a register of its directors and officers that is open for inspection for not less than two (2) hours each day by members of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

*Election or removal of directors.* Under Bermuda law and our Bye-laws, directors are elected or appointed at the annual general meeting and serve until re-elected or re-appointed or until their successors are elected or appointed, unless they are earlier removed or resign. Our Bye-laws provide for a staggered board of directors, with one-third of the non-executive directors selected each year provided that managing directors are not subject to retirement by rotation and therefore may not be subject to re-election each year. Under Bermuda law and our Bye-laws, a director may be removed for cause at a special general meeting of shareholders specifically called for that purpose, provided the director is served with at least 14 days' notice. The director has a right to be heard at that meeting. Any vacancy created by the removal of a director at a special or general meeting may be filled at that meeting by the election of another director in his or her place or, in the absence of any such election, by the board of directors. For these purposes "cause" means willful neglect, willful default, fraud or dishonesty.

*Amendment of Memorandum of Association.* Bermuda law provides that the Memorandum of Association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. Generally, our Bye-laws may be amended by the directors with the approval of a majority being not less than 75% of the votes of the shareholders in a general meeting. However, a super-majority vote is required for certain resolutions relating to the variation of class rights, the removal of directors for cause by shareholders, the approval of business combinations with certain 'interested persons' and for any alteration to the provisions of the Bye-laws relating to the staggered board, removal of directors and business combinations.

Under Bermuda law, the holders of an aggregate of no less than 20% in par value of a company's issued share capital or any class of issued share capital have the right to apply to the Bermuda Court for an annulment of any amendment of the Memorandum of Association adopted by shareholders at any general meeting, other than an amendment which alters or reduces a company's share capital as provided in the Companies Act 1981 of Bermuda. Where such an application is made, the amendment becomes effective only to the extent that it is confirmed by the Bermuda Court. An application for the annulment of an amendment of the Memorandum of Association must be made within 21 days after the date on which the resolution altering the company's memorandum is passed and may be made on behalf of the persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. Persons voting in favor of the amendment may make no such application.

*Appraisal rights and shareholder suits.* Under Bermuda law, in the event of an amalgamation or merger involving a Bermuda company, a shareholder who is not satisfied that fair value has been paid for his shares may apply to the Bermuda Court to appraise the fair value of his or her shares. The amalgamation or merger of a company with another company requires the amalgamation or merger agreement to be approved by the board of directors and, except where the amalgamation or merger is between a holding company and one or more of its wholly owned subsidiaries or between two or more wholly owned subsidiaries, by meetings of the holders of shares of each company and of each class of such shares.

Class actions and derivative actions are generally not available to shareholders under Bermuda law. The Bermuda Court, however, would ordinarily be expected to permit a shareholder to commence

an action in the name of a company to remedy a wrong done to the company where the act complained of is alleged to be beyond the corporate power of the company or is illegal or would result in the violation of the company's Memorandum of Association or Bye-laws. Further consideration would be given by the Bermuda Court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than that which actually approved it.

When the affairs of a company are being conducted in a manner oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Bermuda Court for an order regulating the company's conduct of affairs in the future or compelling the purchase of the shares by any shareholder, by other shareholders or by the company.

#### **Anti-takeover effects of provisions of our charter documents**

Several provisions of our Bye-laws may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (1) the merger or acquisition of our company by means of a tender offer, a proxy contest or otherwise, that a shareholder may consider in our best interest and (2) the removal of incumbent officers and directors.

##### ***Classified board of directors.***

Our Bye-laws provide for a classified board of directors with one-third of our directors being selected each year. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of our company. It could also delay shareholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for two years.

##### ***Transactions involving certain business combinations.***

Our Bye-laws prohibit the consummation of any business combination involving us and any interested person, unless the transaction is approved by a vote of a majority of 80% of those present and voting at a general meeting of our shareholders, unless:

- the ratio of (i) the aggregate amount of cash and the fair market value of other consideration to be received per share in the business combination by holders of shares other than the interested person involved in the business combination, to (ii) the market price per share, immediately prior to the announcement of the proposed business combination, is at least as great as the ratio of (iii) the highest per share price, (including brokerage commissions, transfer taxes and soliciting dealers' fees), which the interested person has theretofore paid in acquiring any share prior to the business combination, to (iv) the market price per share immediately prior to the initial acquisition by the interested person of any shares;
- the aggregate amount of the cash and the fair market value of other consideration to be received per share in the business combination by holders of shares other than the interested person involved in the business combination (i) is not less than the highest per share price (including brokerage commissions, transfer taxes and soliciting dealers' fees) paid by the interested person in acquiring any shares, and (ii) is not less than the consolidated earnings per share of our company for our four full consecutive fiscal quarters immediately preceding the record date for solicitation of votes on the business combination multiplied by the then price/earnings multiple (if any) of the interested person as customarily computed and reported in the financial community;
- the consideration (if any) to be received in the business combination by holders of shares other than the interested person involved shall, except to the extent that a shareholder agrees otherwise as to all or part of the shares which the shareholder owns, be in the same form and of the same kind as the consideration paid by the interested person in acquiring shares already owned by it;
- after the interested person became an interested person and prior to the consummation of the business combination: (i) such interested person shall have taken steps to ensure that the board includes at all times representation by continuing directors proportionate in number to the ratio that the number of shares carrying voting rights in our company from time to time owned by shareholders who are not interested persons bears to all shares carrying voting rights in our company outstanding at the time in question (with a continuing director to occupy any resulting fractional position among the directors); (ii) the interested person shall not have acquired from us or any of our subsidiaries, directly or indirectly, any shares (except (x) upon conversion of convertible securities acquired by it prior to becoming an interested person, or (y) as a result of a pro rata share dividend, share split or division or subdivision of shares, or (z) in a transaction consummated on or after June 7, 2001 and which satisfied all requirements of our Bye-laws); (iii) the interested person shall not have acquired any additional shares, or rights over shares, carrying voting rights or securities convertible into or exchangeable for shares, or rights over shares, carrying voting rights except as a part of the transaction which resulted in the interested person becoming an interested person; and (iv) the interested person shall not have (x) received the benefit, directly or indirectly (except proportionately as a shareholder), of any loans, advances, guarantees, pledges or other financial assistance or tax credits provided by us or any subsidiary of ours, or (y) made any major change in our business or equity capital structure or entered into any contract, arrangement or understanding with us except any change, contract, arrangement or understanding as may have been approved by the favorable vote of not less than a majority of the continuing directors; and
- a proxy statement complying with the requirements of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), as amended, shall have been mailed to all holders of shares carrying voting rights for the purpose of soliciting approval by the shareholders of the business combination. The proxy statement shall contain at the front thereof, in a prominent place, any recommendations as to the advisability (or inadvisability) of the business combination which the continuing directors, or any of them, may have furnished in writing and, if deemed advisable by a majority of the continuing directors, an opinion of a reputable investment banking firm as to the adequacy (or inadequacy) of the terms of the business combination from the point of view of the holders of shares carrying voting rights other than any interested person (the investment banking firm to be selected by a majority of the continuing directors, to be furnished with all information it reasonably requests, and to be paid a reasonable fee for its services upon receipt by us of the opinion).

For purposes of this provision, a “business combination” includes amalgamations, consolidations, exchanges, asset sales, leases and other transactions resulting in a financial benefit to the interested shareholder and an “interested person” is any person or entity that beneficially owns 15% or more of our voting shares and any person or entity affiliated with or controlling or controlled by that person or entity. “Continuing directors” means directors who have been elected before June 7, 2001 or designated as continuing directors by the majority of the then continuing directors.

#### **Consequences of becoming an interested person.**

Our Bye-laws provide that, at any time a person acquires or becomes the beneficial owner of 15% or more of our voting shares, which we refer to as the “threshold,” then, except as permitted by our bye-laws, the person will not be entitled to exercise voting rights for the number of common shares in excess of the threshold he holds or beneficially owns. This disability applies to any general meeting of our company as to which the record date or scheduled meeting date falls within a period of five years from the date such person acquired beneficial ownership of a number of common shares in excess of the threshold.

The above restrictions do not apply to us, our subsidiaries or to:

- any person who on June 7, 2001 was the holder or beneficial owner of a number of shares carrying voting rights that exceeded the threshold and who continues at all times after June 7, 2001 to hold shares in excess of the threshold; and
- any person whose acquisition of a number of shares exceeding the threshold has been approved by (1) a majority of 80% of those present and voting at a general meeting or (2) by a resolution adopted by the continuing directors, followed by a resolution adopted by a shareholder vote in excess of 50% of the voting shares not owned by such interested person.

*Transfer agent and registrar:* Computershare Trust Company N.A. serves as transfer agent and registrar for our common shares and our Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares and Series G Convertible Preferred Shares.

*New York Stock Exchange listing.* Our common shares are listed on the New York Stock Exchange under the ticker symbol “TNP.” Our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares are listed on the New York Stock Exchange under the trading symbols “TNP-PD”, “TNP-PE” and “TNP-PF”, respectively.

#### **Material Contracts**

See description of Management Agreement under Item 4. “Information on the Company—Management Contract—Executive and Commercial Management” and for a description of the Share Purchase Agreement for Series G Convertible Preferred Shares “Item 10. Description of Share Capital – Series G Convertible Preferred Shares”. Such description is not intended to be complete and reference is made to the contract itself, which is an exhibit to this Annual Report on Form 20-F.

#### **Exchange Controls**

Under Bermuda and Greek law, there are currently no restrictions on the export or import of capital, including foreign exchange controls, or restrictions that affect the remittance of dividends, interest or other payments to nonresident holders of our common shares.

[Table of Contents](#)

## TAX CONSIDERATIONS

### Taxation of Tsakos Energy Navigation Limited

We believe that none of our income will be subject to tax in Bermuda, which currently has no corporate income tax, or by other countries in which we conduct activities or in which our customers are located, excluding the United States. However, this belief is based upon the anticipated nature and conduct of our business which may change, and upon our understanding of our position under the tax laws of the various countries in which we have assets or conduct activities, which position is subject to review and possible challenge by taxing authorities and to possible changes in law, which may have retroactive effect. The extent to which certain taxing jurisdictions may require us to pay tax or to make payments in lieu of tax cannot be determined in advance. In addition, payments due to us from our customers may be subject to withholding tax or other tax claims in amounts that exceed the taxation that we might have anticipated based upon our current and anticipated business practices and the current tax regime.

### Bermuda tax considerations

Under current Bermuda law, we are not subject to tax on income or capital gains. Furthermore, we have obtained from the Minister of Finance of Bermuda, under the Exempted Undertakings Tax Protection Act 1966 of Bermuda, as amended (the "Exempted Undertakings Act"), assurance that, in the event that Bermuda enacts any legislation imposing tax computed on profits or income or computed on any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance tax, then the imposition of such tax will not be applicable to us or to any of our operations, or to the share capital of Tsakos Energy Navigation Limited, until March 31, 2035. This assurance does not, however, prevent the imposition of property taxes on any company owning real property or leasehold interests in Bermuda or on any person ordinarily resident in Bermuda. We pay an annual government fee on our authorized share capital and share premium, which for 2022 is \$19,605.

Under current Bermuda law, shareholders not ordinarily resident in Bermuda will not be subject to any income, withholding or other taxes or stamp or other duties upon the issue, transfer or sale of common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares or on any payments made on common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares.

### United States federal income tax considerations

The following summary of United States federal income tax matters is based on the Internal Revenue Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the United States department of the treasury, all of which are subject to change, possibly with retroactive effect. This discussion does not address any United States local or state taxes.

The following is a summary of the material United States federal income tax considerations that apply to (1) our operations and the operations of our vessel-operating subsidiaries and (2) the acquisition, ownership and disposition of common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares by a shareholder that is a United States holder. This summary is based upon our beliefs and expectations concerning our past, current and anticipated activities, income and assets and those of our subsidiaries, the direct, indirect and constructive ownership of our shares and the trading and quotation of our shares. Should any such beliefs or expectations prove to be incorrect, the conclusions described herein could be adversely affected. For purposes of this discussion, a United States holder is a beneficial owner of common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares who or which is:

- An individual citizen or resident of the United States;
- A corporation, or other entity taxable as a corporation for United States federal income tax purposes, created or organized in or under the laws of the United States or any of its political subdivisions;
- An estate or trust the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (ii) it has in effect a valid election to be treated as a U.S. person.

This summary deals only with common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares that are held as capital assets by a United States holder, and does not address tax considerations applicable to United States holders that may be subject to special tax rules, such as:

- Dealers or traders in securities or currencies;
- Financial institutions;
- Insurance companies;
- Tax-exempt entities;
- United States holders that hold common shares as a part of a straddle or conversion transaction or other arrangement involving more than one position;

- United States holders that own, or are deemed for United States tax purposes to own, ten percent or more of the total combined voting power of all classes of our voting stock;
- A person subject to United States federal alternative minimum tax;
- A partnership or other entity classified as a partnership for United States federal income tax purposes;
- United States holders that have a principal place of business or “tax home” outside the United States; or
- United States holders whose “functional currency” is not the United States dollar.

The discussion below is based upon the provisions of the Internal Revenue Code and regulations, administrative pronouncements and judicial decisions as of the date of this Annual Report; any such authority may be repealed, revoked or modified, perhaps with retroactive effect, so as to result in United States federal income tax consequences different from those discussed below. No ruling has been or will be requested from the IRS regarding any matter affecting us or our shareholders. The statements made herein may be challenged by the IRS and, if so challenged, may not be sustained upon review in a court.

Because United States tax consequences may differ from one holder to the next, the discussion set out below does not purport to describe all of the tax considerations that may be relevant to you and your particular situation. Accordingly, you are advised to consult your tax advisor as to the United States federal, state, local and other tax consequences of investing in the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares.

### ***Taxation of our operations***

#### ***In General***

Unless exempt from United States federal income taxation under the rules discussed below, a foreign corporation is subject to United States federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, code sharing arrangements or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which we refer to as “shipping income,” to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States constitutes income from sources within the United States, which we refer to as “U.S.-source shipping income.”

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. We do not expect that we or any of our subsidiaries will engage in transportation that produces income which is considered to be 100% from sources within the United States.

Shipping income attributable to transportation exclusively between non-United States ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any United States federal income tax.

In the absence of exemption from tax under Section 883, our gross U.S.-source shipping income would be subject to a 4% tax imposed without allowance for deductions as described below.

#### ***Exemption of Operating Income from United States Federal Income Taxation***

Under Section 883, we and our subsidiaries will be exempt from United States federal income taxation on our U.S.-source shipping income if:

- We and the relevant subsidiary are each organized in a foreign country (the “country of organization”) that grants an “equivalent exemption” to corporations organized in the United States; and either
- More than 50% of the value of our stock is owned, directly or indirectly, by “qualified stockholders,” individuals who are (i) “residents” of our country of organization or of another foreign country that grants an “equivalent exemption” to corporations organized in the United States and (ii) satisfy certain documentation requirements, which we refer to as the “50% Ownership Test,” or

- Our common shares, Series C Preferred Shares (prior to their redemption on October 30, 2020), Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares, are “primarily and regularly traded on an established securities market” in our country of organization, in another country that grants an “equivalent exemption” to United States corporations, or in the United States, which we refer to as the “Publicly-Traded Test.”

We believe that each of Bermuda, Greece, Liberia, Malta, the Marshall Islands and Panama, the jurisdictions where we and our ship-owning subsidiaries are incorporated, grants an “equivalent exemption” to United States corporations. Therefore, we believe that we and each of our subsidiaries will be exempt from United States federal income taxation with respect to our U.S.-source shipping income if we satisfy either the 50% Ownership Test or the Publicly-Traded Test.

Due to the widely-held nature of our stock, we will have difficulty satisfying the 50% Ownership Test. Our ability to satisfy the Publicly-Traded Test is discussed below.

The regulations provide, in pertinent part, that stock of a foreign corporation will be considered to be “primarily traded” on one or more established securities markets in a country if the number of shares of each class of stock that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. Our common shares, our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares, which, other than our Series G Convertible Preferred Shares, which are not listed on an exchange were our sole classes of our issued and outstanding shares in 2021, were “primarily traded” on an established securities market in the United States (the New York Stock Exchange) in 2021 and we expect that will continue to be the case in subsequent years.

Under the regulations, our stock will be considered to be “regularly traded” on an established securities market if one or more classes of our stock representing more than 50% of our outstanding shares, by total combined voting power of all classes of stock entitled to vote and total value, is listed on the market, which we refer to as the listing requirement. Since our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares, which, other than our Series G Convertible Preferred Shares since their issuance on September 25, 2019, are our sole classes of issued and outstanding shares, were listed on the New York Stock Exchange throughout 2021, we satisfied the listing requirement for 2021. We expect that we will continue to do so, with respect to our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares, notwithstanding our outstanding Series G Convertible Preferred Shares which are not listed on an exchange, for subsequent years.

It is further required that with respect to each class of stock relied upon to meet the listing requirement (i) such class of the stock is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or 1/6 of the days in a short taxable year; and (ii) the aggregate number of shares of such class of stock traded on such market is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year. We believe our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares satisfied the trading frequency and trading volume tests for 2021 and will also do so in subsequent years. For so long as the aggregate value of our common shares exceeds the aggregate value of our Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares and Series G Convertible Preferred Shares, if our common shares meet the trading frequency and trading volume tests, our Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares and Series G Convertible Preferred Shares do not need to meet these tests (and, if the aggregate value of our common shares and any of our Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares meet the trading frequency and trading volume tests, the other series of our preferred shares would not need to meet these tests). Even if these tests were not satisfied, with respect to any of our common shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares and Series G Convertible Preferred Shares, the regulations provide that the trading frequency and trading volume tests will be deemed satisfied by a class of stock if, as we believe was the case with our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares in 2021 and we expect to be the case with our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares in subsequent years, such class of stock is traded on an established market in the United States and such class of stock is regularly quoted by dealers making a market in such stock.

Notwithstanding the foregoing, the regulations provide, in pertinent part, that our common shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares and Series G Convertible Preferred Shares will not be considered to be “regularly traded” on an established securities market for any taxable year in which 50% or more of our outstanding common shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares and Series G Convertible Preferred Shares are owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of our common shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares or Series G Convertible Preferred Shares, which we refer to as the “5 Percent Override Rule.” For so long as the aggregate value of our common shares exceeds the aggregate value of our Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares or Series G Convertible Preferred Shares, if our common shares meet the “regularly traded” test, our Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares or Series G Convertible Preferred Shares do not need to meet this test.

For purposes of being able to determine the persons who own 5% or more of our stock, or “5% Stockholders,” the regulations permit us to rely on Schedule 13G and Schedule 13D filings with the SEC to identify persons who have a 5% or more beneficial interest in our common shares or, if our Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares are then entitled to vote, our Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Stockholder for such purposes.

Until such time, if any, as the Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares are entitled to vote, because Schedule 13G and Schedule 13D filings are only required for voting stock, it could be difficult to determine 5% Stockholders of our Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares. In the event the 5 Percent Override Rule is triggered, the regulations provide that the 5 Percent Override Rule will nevertheless not apply if we can establish, in accordance with specified ownership certification procedures, that a sufficient portion of the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares within the closely-held block are owned, actually or under applicable constructive ownership rules, by qualified shareholders for purposes of Section 883 to preclude the common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares in the closely-held block that are not so owned from constituting 50% or more of the our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares for more than half the number of days during the taxable year.

We do not believe that we were subject to the 5 Percent Override Rule for 2021. Therefore, we believe that we satisfied the Publicly-Traded Test for 2021. However, there is no assurance that we will continue to satisfy the Publicly-Traded Test. If we were to be subject to the 5 Percent Override Rule for any tax year, then our ability and that of our subsidiaries to qualify for the benefits of Section 883 would depend upon our ability to establish, in accordance with specified ownership certification procedures, that a sufficient portion of the common shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares or Series G Convertible Preferred Shares within the closely-held block are owned, actually or under applicable constructive ownership rules, by qualified shareholders for purposes of Section 883, to preclude the common shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares and Series G Convertible Preferred Shares in the closely-held block that are not so owned from constituting 50% or more of the common shares, Series D Preferred Shares, Series E Preferred Shares, Series F Preferred Shares or Series G Convertible Preferred Shares for more than half the number of days during the tax year. Since there can be no assurance that we would be able to establish these requirements, there can be no assurance that we or our subsidiaries will qualify for the benefits of Section 883 for any subsequent tax year.

#### *Taxation in Absence of Exemption*

To the extent the benefits of Section 883 are unavailable, our U.S.-source shipping income, to the extent not considered to be “effectively connected” with the conduct of a United States trade or business, as described below, would be subject to a 4% tax imposed by Section 887 of the Internal Revenue Code on a gross basis, without the benefit of deductions. Since under the sourcing rules described above, we do not expect that more than 50% of our shipping income would be treated as being derived from United States sources, the maximum effective rate of United States federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent the benefits of the Section 883 exemption are unavailable and our U.S.-source shipping income or that of any of our subsidiaries is considered to be “effectively connected” with the conduct of a United States trade or business, as described below, any such “effectively connected” U.S.-source shipping income, net of applicable deductions, would be subject to the United States federal corporate income tax currently imposed at rates of up to 21%. In addition, we or our subsidiaries may be subject to the 30% “branch profits” taxes on earnings effectively connected with the conduct of such trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of its United States trade or business.

U.S.-source shipping income would be considered “effectively connected” with the conduct of a United States trade or business only if:

- We or one of our subsidiaries has, or is considered to have, a fixed place of business in the United States involved in the earning of shipping income; and
- (i) in the case of shipping income other than that derived from bareboat charters, substantially all of our or such subsidiary’s U.S.-source shipping income is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States and (ii) in the case of shipping income from bareboat charters, substantially all of our or such subsidiary’s income from bareboat charters is attributable to a fixed place of business in the U.S.

We do not intend that we or any of our subsidiaries will have any vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of the U.S.-source shipping income of us or our subsidiaries will be “effectively connected” with the conduct of a United States trade or business.

#### *United States Taxation of Gain on Sale of Vessels*

Regardless of whether we or our subsidiaries qualify for exemption under Section 883, we and our subsidiaries will not be subject to United States federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under United States federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. It is expected that any sale of a vessel by us or our subsidiaries will be considered to occur outside of the United States.

#### **United States Holders**

##### *Distributions*

Subject to the discussion below under “—Passive Foreign Investment Company Considerations,” distributions that we make with respect to the common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares, other than distributions in liquidation and distributions in redemption of stock that are treated as exchanges, will be taxed to United States holders as dividend income to the extent that the distributions do not exceed our current and accumulated earnings and profits (as determined for United States federal income tax purposes). Distributions, if any, in excess of our current and accumulated earnings and profits will constitute a nontaxable return of capital to a United States holder and will be applied against and reduce the United States holder’s tax basis in its common shares. To the extent that distributions in excess of our current and accumulated earnings and profits exceed the tax basis of the United States holder in its common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares, the excess generally will be treated as capital gain.

Qualifying dividends received by individuals are eligible for taxation at capital gains rates (currently 20% for individuals not eligible for a lower rate). We are a non-United States corporation for U.S. federal income tax purposes. Dividends paid by a non-United States corporation are eligible to be treated as qualifying dividends only if (i) the non-United States corporation is incorporated in a possession of the United States, (ii) the non-United States corporation is eligible for the benefits of a comprehensive income tax treaty with the United States or (iii) the stock with respect to which the dividends are paid is “readily tradable on an established securities market in the United States.” We will not satisfy either of the conditions described in clauses (i) and (ii) of the preceding sentence. We expect that distributions on our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares that are treated as dividends will qualify as dividends on stock that is “readily tradable on an established securities market in the United States” so long as our common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares are traded on the New York Stock Exchange. In addition, dividends paid by a non-United States corporation will not be treated as qualifying dividends if the non-United States corporation is a “passive foreign investment company” (a “PFIC”) for the taxable year of the dividend or the prior taxable year. Our potential treatment as a PFIC is discussed below under the heading “—Passive Foreign Investment Company Considerations.” A dividend will also not be treated as a qualifying dividend to the extent that (i) the shareholder does not satisfy a holding period requirement that generally requires that the shareholder hold the shares on which the dividend is paid for more than 60 days during the 121-day period that begins on the date which is sixty days before the date on which the shares become ex-dividend with respect to such dividend, (ii) the shareholder is under an obligation to make related payments with respect to substantially similar or related property or (iii) such dividend is taken into account as investment income under Section 163(d)(4)(B) of the Internal Revenue Code. Legislation has been previously proposed in the United States Congress which, if enacted in its proposed form, would likely cause dividends on our shares to be ineligible for the preferential tax rates described above. There can be no assurance regarding whether, or in what form, such legislation will be enacted.

Special rules may apply to any “extraordinary dividend,” generally a dividend in an amount which is equal to or in excess of ten percent (in the case of our common shares) or five percent (in the case of our Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares) of a shareholder’s adjusted basis (or fair market value in certain circumstances) in such shares paid by us. In addition, extraordinary dividends include dividends received within a one year period that, in the aggregate, equal or exceed 20% of a shareholder’s adjusted tax basis (or fair market value in certain circumstances). If we pay an “extraordinary dividend” on our common shares and such dividend is treated as “qualified dividend income,” then any loss derived by a U.S. individual holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

Because we are not a United States corporation, a United States holder that is a corporation (or a United States entity taxable as a corporation) will not be entitled to claim a dividends received deduction with respect to any distributions paid by us.

Dividend income derived with respect to the common shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares generally will constitute portfolio income for purposes of the limitation on the use of passive activity losses, and, therefore, generally may not be offset by passive activity losses, and, unless treated as qualifying dividends as described above, investment income for purposes of the limitation on the deduction of investment interest expense. Dividends that we pay will not be eligible for the dividends received deduction generally allowed to United States corporations under Section 243 of the Internal Revenue Code.

For foreign tax credit purposes, if at least 50 percent of our stock by voting power or by value is owned, directly, indirectly or by attribution, by United States persons, then, subject to the limitation described below, a portion of the dividends that we pay in each taxable year will be treated as U.S.-source income, depending in general upon the ratio for that taxable year of our U.S.-source earnings and profits to our total earnings and profits. The remaining portion of our dividends (or all of our dividends, if we do not meet the 50 percent test described above) will be treated as foreign-source income and generally will be treated as passive category income or, in the case of certain types of United States holders, general category income for purposes of computing allowable foreign tax credits for United States federal income tax purposes. However, if, in any taxable year, we have earnings and profits and less than ten percent of those earnings and profits are from United States sources, then, in general, dividends that we pay from our earnings and profits for that taxable year will be treated entirely as foreign-source income. Where a United States holder that is an individual receives a dividend on our shares that is a qualifying dividend (as described in the second preceding paragraph), special rules will apply that will limit the portion of such dividend that will be included in such individual's foreign source taxable income and overall taxable income for purposes of calculating such individual's foreign tax credit limitation.

#### *Sale or exchange*

Subject to the discussion below under “—Passive Foreign Investment Company Considerations,” upon a sale or exchange of common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares to a person other than us or certain entities related to us, a United States holder will recognize gain or loss in an amount equal to the difference between the amount realized on the sale or exchange and the United States holder's adjusted tax basis in the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares. Any gain or loss recognized will be capital gain or loss and will be long-term capital gain or loss if the United States holder has held the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares for more than one year.

Gain or loss realized by a United States holder on the sale or exchange of common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares generally will be treated as U.S.-source gain or loss for United States foreign tax credit purposes. A United States holder's ability to deduct capital losses against ordinary income is subject to certain limitations.

### ***Passive Foreign Investment Company Considerations***

*PFIC classification.* Special and adverse United States tax rules apply to a United States holder that holds an interest in a PFIC. In general, a PFIC is any foreign corporation, if (1) 75 percent or more of the gross income of the corporation for the taxable year is passive income (the “PFIC income test”) or (2) the average percentage of assets held by the corporation during the taxable year that produce passive income or that are held for the production of passive income is at least 50 percent (the “PFIC asset test”). In applying the PFIC income test and the PFIC asset test, a corporation that owns, directly or indirectly, at least 25 percent by value of the stock of a second corporation must take into account its proportionate share of the second corporation’s income and assets. Income we earn, or are deemed to earn, in connection with the performance of services will not constitute passive income. By contrast, rental income will generally constitute passive income (unless we are treated under certain special rules as deriving our rental income in the active conduct of a trade or business).

If a corporation is classified as a PFIC for any year during which a United States person is a shareholder, then the corporation generally will continue to be treated as a PFIC with respect to that shareholder in all succeeding years, regardless of whether the corporation continues to meet the PFIC income test or the PFIC asset test, subject to elections to recognize gain that may be available to the shareholder.

We do not believe that we were classified as a PFIC for our taxable year ended December 31, 2021. Based on the projected composition of our income and valuation of our assets, we do not expect that we will constitute a PFIC with respect to the current or any future taxable year, although there can be no assurance in this regard.

There are legal uncertainties involved in determining whether the income derived from time chartering activities constitutes rental income or income derived from the performance of services. In *Tidewater Inc. v. United States*, 565 F.2d 299 (5th Cir. 2009), the United States Court of Appeals for the Fifth Circuit held that income derived from certain time chartering activities should be treated as rental income rather than services income for purposes of a foreign sales corporation provision of the Code. In a published guidance, however, the Internal Revenue Service (the “IRS”) states that it disagrees with the holding in *Tidewater*, and specifies that time charters should be treated as service contracts. On this basis, we do not believe that we were treated as a PFIC for our most recent taxable year or that we will be treated as a PFIC for any subsequent taxable year. This conclusion is based in part upon our beliefs regarding our past assets and income and our current projections and expectations as to our future business activity, including, in particular, our expectation that the proportion of our income derived from bareboat charters will not materially increase. However, we have not sought, and we do not expect to seek, an IRS ruling on this matter. As a result, the IRS or a court could disagree with our position. No assurance can be given that this result will not occur. In addition, although we intend to conduct our affairs in a manner to avoid, to the extent possible, being classified as a PFIC with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future, or that we can avoid PFIC status in the future.

*Consequences of PFIC Status.* As discussed below, if we were to be treated as a PFIC for any taxable year, a United States holder generally would be subject to one of three different U.S. income tax regimes, depending on whether or not the United States holder makes certain elections. Additionally, the United States holder would be required to file an annual information report with the IRS.

*Taxation of United States Holders that Make No Election.* If we are treated as a PFIC for any taxable year during which a United States holder holds our common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares, then, subject to the discussion of the qualified electing fund (“QEF”) and mark-to-market rules below, the United States holder will be subject to a special and adverse tax regime in respect of (1) gains realized on the sale or other disposition of our common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares and (2) distributions on our common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares to the extent that those distributions are treated as excess distributions. An excess distribution generally includes dividends or other distributions received from a PFIC in any taxable year of a United States holder to the extent that the amount of those distributions exceeds 125 percent of the average distributions made by the PFIC during a specified base period (or, if shorter, the United States holder’s holding period for the shares). A United States holder that is subject to the PFIC rules (1) will be required to allocate excess distributions received in respect of our common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares and gain realized on the sale of common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares to each day during the United States holder’s holding period for the common shares, (2) will be required to include in income as ordinary income the portion of the excess distribution or gain that is allocated to the current taxable year and to certain pre-PFIC years, and (3) will be taxable at the highest rate of taxation applicable to ordinary income for the prior years, other than pre-PFIC years, to which the excess distribution or gain is allocable, without regard to the United States holder’s other items of income and loss for such prior taxable years (“deferred tax”). The deferred tax for each prior year will be increased by an interest charge for the period from the due date for tax returns for the prior year to the due date for tax returns for the year of the excess distribution or gain, computed at the rates that apply to underpayments of tax. Pledges of PFIC shares will be treated as dispositions for purposes of the foregoing rules. In addition, a United States holder who acquires common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares from a decedent generally will not receive a stepped-up basis in the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares. Instead, the United States holder will have a tax basis in the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares equal to the lower of the fair market value of the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares and the decedent’s basis.

If we are treated as a PFIC for any taxable year during which a United States holder holds our common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares and one of our subsidiaries also qualifies as a PFIC for such year, then such United States holder may also be subject to the PFIC rules with respect to its indirect interest in such subsidiary. No mark-to-market election will be available with respect to the indirect interest in the shares of such subsidiary and we currently do not intend to comply with reporting requirements necessary to permit the making of QEF elections in such circumstances.

*Taxation of United States Holders that Make a QEF Election.* In some circumstances, a United States holder may avoid the unfavorable consequences of the PFIC rules by making a QEF election with respect to us. A QEF election effectively would require an electing United States holder to include in income currently its pro rata share of our ordinary earnings and net capital gain. However, a United States holder cannot make a QEF election with respect to us unless we comply with certain reporting requirements and we currently do not intend to provide the required information.

*Taxation of United States Holders that Make a Mark-to-Market Election.* A United States holder that holds “marketable” stock in a PFIC may, in lieu of making a QEF election, avoid some of the unfavorable consequences of the PFIC rules by electing to mark the PFIC stock to market as of the close of each taxable year. The common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares will be treated as marketable stock for a calendar year if the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares are traded on the New York Stock Exchange, in other than de minimis quantities, on at least 15 days during each calendar quarter of the year. A United States holder that makes the mark-to-market election generally will be required to include in income each year as ordinary income an amount equal to the increase in value of the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares for that year, regardless of whether the United States holder actually sells the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares. The United States holder generally will be allowed a deduction for the decrease in value of the common shares, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares for the taxable year, to the extent of the amount of gain previously included in income under the mark-to-market rules, reduced by prior deductions under the mark-to-market rules. Any gain from the actual sale of the PFIC stock will be treated as ordinary income, and any loss will be treated as ordinary loss to the extent of net mark-to-market gains previously included in income and not reversed by prior deductions.

*Other PFIC Elections.* If a United States holder held our stock during a period when we were treated as a PFIC, but the United States holder did not have a QEF election in effect with respect to us, then in the event that we failed to qualify as a PFIC for a subsequent taxable year, the United States holder could elect to cease to be subject to the rules described above with respect to those shares by making a “deemed sale” or, in certain circumstances, a “deemed dividend” election with respect to our stock. If the United States holder makes a deemed sale election, the United States holder will be treated, for purposes of applying the rules described above under the heading “consequences of PFIC status,” as having disposed of our stock for its fair market value on the last day of the last taxable year for which we qualified as a PFIC (the “termination date”). The United States holder would increase his, her or its basis in such common stock by the amount of the gain on the deemed sale described in the preceding sentence. Following a deemed sale election, the United States holder would not be treated, for purposes of the PFIC rules, as having owned the common stock during a period prior to the termination date when we qualified as a PFIC.

If we were treated as a “controlled foreign corporation” for United States federal income tax purposes for the taxable year that included the termination date, then a United States holder could make a “deemed dividend” election with respect to our common stock, Series D Preferred Shares, Series E Preferred Shares or Series F Preferred Shares. If a deemed dividend election is made, the United States holder is required to include in income as a dividend his, her or its pro rata share (based on all of our stock held by the United States holder, directly or under applicable attribution rules, on the termination date) of our post-1986 earnings and profits as of the close of the taxable year that includes the termination date (taking only earnings and profits accumulated in taxable years in which we were a PFIC into account). The deemed dividend described in the preceding sentence is treated as an excess distribution for purposes of the rules described above under the heading “consequences of PFIC status.” The United States holder would increase his, her or its basis in our stock by the amount of the deemed dividend. Following a deemed dividend election, the United States holder would not be treated, for purposes of the PFIC rules, as having owned the stock during a period prior to the termination date when we qualified as a PFIC. For purposes of determining whether the deemed dividend election is available, we generally will be treated as a controlled foreign corporation for a taxable year when, at any time during that year, United States persons, each of whom owns, directly or under applicable attribution rules, shares having 10% or more of the total voting power of our stock, in the aggregate own, directly or under applicable attribution rules, shares representing more than 50% of the voting power or value of our shares.

A deemed sale or deemed dividend election must be made on the United States holder’s original or amended return for the shareholder’s taxable year that includes the termination date and, if made on an amended return, such amended return must be filed not later than the date that is three years after the due date of the original return for such taxable year. Special rules apply where a person is treated, for purposes of the PFIC rules, as indirectly owning our shares.

You are urged to consult your tax advisor regarding our possible classification as a PFIC, as well as the potential tax consequences arising from the ownership and disposition, directly or indirectly, of interests in a PFIC.

#### ***Unearned Income Medicare Contribution Tax***

Certain United States holders that are individuals, estates or trusts are required to pay an additional 3.8% tax on, among other things, dividends on and capital gains from the sale or other disposition of stock. You are encouraged to consult your tax advisors regarding the effect, if any, of this tax on the ownership and disposition of our shares.

#### ***Additional Disclosure Requirement***

U.S. individuals that hold certain specified foreign financial assets with value in excess of reporting thresholds of \$50,000 (in the case of unmarried taxpayers) or more (which include shares in a foreign corporation) are subject to U.S. return disclosure requirements (and related penalties for failure to disclose). Such U.S. individuals are required to file IRS Form 8938, listing these assets, with their U.S. Federal income tax returns. You are encouraged to consult your tax advisors concerning the filing of IRS Form 8938.

#### ***Information reporting and backup withholding***

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related financial intermediaries generally are subject to information reporting and backup withholding unless (i) you are a corporation or other exempt recipient or (ii) in the case of backup withholding, you provide a correct taxpayer identification number and certify that you are not subject to backup withholding.

The amount of any backup withholding from a payment to you will be allowed as a credit against your United States federal income tax liability and may entitle you to a refund, provided that the required information is furnished to the Internal Revenue Service.

## Available Information

We are subject to the informational requirements of the Exchange Act, as amended. In accordance with these requirements, we file reports and other information as a foreign private issuer with the SEC. The SEC maintains an Internet site (<http://www.sec.gov>) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. You may access the reports and other information we file with the SEC on this SEC Internet site without charge.

## Item 11. Quantitative and Qualitative Disclosures About Market Risk

*Our risk management policy.* Our policy is to continuously monitor our exposure to business risks, including the impact of changes in interest rates, currency rates, and bunker prices on earnings and cash flows. We intend to assess these risks and, when appropriate, enter into derivative contracts with creditworthy counter parties to minimize our exposure to these risks. As part of our efforts to manage our risk, we have in the past entered into derivative contracts for both hedging and, periodically, trading purposes.

Each of the committees of the Board of Directors is responsible for the management of risk within their given areas. In particular, the committees are expected to:

- continuously review and assess all activities that may generate exposure to risk and ensure we are taking appropriate measures;
- ensure that our policies and procedures for evaluating and managing risks are effective and do not significantly increase overall risk; and
- assess the effectiveness of derivative contracts and recommend, if necessary, the early termination of any contract. Our risk management policy provides for the following procedures:
  - All recommendations to enter into a derivative contract must originate either from qualified officers or directors of the company or from equivalent specialized officers of our commercial manager;
  - All recommendations to enter into a derivative contract must be reviewed by a combined team of officers and advice is taken, as applicable, from third-party sources (e.g., our bankers, other banks, bunker brokers, insurers, etc.);
  - Any recommendation must be formalized into a specific proposal which defines the risks to be managed, the action to be implemented, and the benefits and potential risks of the proposed derivative contract, which proposal shall be presented to the Risk Committee; and
  - All derivative contracts must be approved by the Risk Committee and be within the overall limits set by the board of directors.

The Audit Committee is responsible for:

- overseeing the division of risk-related responsibilities among each of the Board committees as clearly as possible and performing a gap analysis to confirm that the oversight of any risk is not missed;
- in conjunction with the full Board, approving the Company-wide risk management program; and
- assessing whether the Company's technical and commercial managers have effective procedures for managing risks.

### *Interest rate risk*

The Company is exposed to market risk from changes in interest rates, which could impact its results of operations, financial condition and cash flow. The Company manages its ratio of fixed to floating rate debt with the objective of achieving a mix that reflects management's interest rate outlook. As of March 31, 2022, we had a notional amount of \$488.8 million in hedging swaps. The annualized impact resulting from a 0.25%-point increase in interest rates based on the notional amount at December 31, 2021 would be an increase of approximately \$1.3 million in earnings and cash flow. An increase of 0.25% in interest rates will increase our loan interest rate payments by \$3.5 million based on the outstanding amounts as of December 31, 2021 and the loans scheduled for amortization as of that date.

The table below provides information about our financial instruments at December 31, 2021, which are sensitive to changes in interest rates, including our debt and interest rate swaps. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. Weighted-average variable rates are based on the implied forward rates in the yield curves at the reporting date. For interest rate swaps, the table presents notional amounts and weighted-average interest rates by expected contractual maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged under the contracts.

	Balance as of Dec. 31, 2021	Expected Maturities <sup>(1)</sup>					
		2022	2023	2024	2025	2026	Thereafter
(In millions of U.S. dollars, except percentages)							
<b>Long-Term Debt:</b>							
Variable Rate Debt <sup>(2)</sup>	1,380.6	175.1	243	283	262.1	199.8	217.6
Weighted Average Interest Rate	2.02%	2.19%	2.96%	3.16%	3.19%	3.05%	2.39%
	<b>1,380.6</b>	<b>175.1</b>	<b>243</b>	<b>283</b>	<b>262.1</b>	<b>199.8</b>	<b>217.6</b>
<b>Interest Rate Swaps (or Derivatives):</b>							
Interest rate swaps—variable to fixed Notional Amount at December 31, 2021	503.8	55.9	79.4	166.6	78.4	77.9	45.6
Average Pay Rate	2.01%	2.01%	1.95%	2.42%	2.90%	3.16%	3.16%
Average Receive Rate	0.18%	0.65%	1.73%	1.89%	1.67%	2.35%	1.65%

(1) These are the expected maturities based on the balances as of December 31, 2021.

(2) Interest Payments on US Dollar-denominated debt and interest rate swaps are based on SOFR.

#### *Bunker price risk*

The Company regularly enters into bunker swap agreements in order to hedge its exposure to bunker price fluctuations associated with the consumption of bunkers by its spot trading vessels. During 2021, the Company entered into two swap agreements. During 2020, the Company entered into six swap agreements and six put options and paid a premium of \$1.2 million. On the basis of 233,000 MT of bunker fuel purchased in the spot market during 2021 every \$1/MT increase in prices, decreases annual earnings and cash flow by \$0.23 million.

#### *Foreign exchange rate fluctuation*

The currency the international tanker industry is primarily using is the U.S. dollar. Virtually all of our revenues are in U.S. dollars and the majority of our operating costs are incurred in U.S. dollars. We incur certain operating expenses in foreign currencies, the most significant of which are in Euros. During fiscal 2021, approximately 21.5% of the total of our vessel and voyage costs and overhead expenditures were denominated in Euro. Based on 2021 Euro expenditure, therefore, we estimate that for every 1% change in the Euro/U.S. dollar rate there would be a 0.3% impact on vessel operating expenses and minimal impact on other cost categories apart from dry-docking which would depend on the location of the selected yard. However, we have the ability to shift our purchase of goods and services from one country to another and, thus, from one currency to another in order to mitigate the effects of exchange rate fluctuations. We have a policy of continuously monitoring and managing our foreign exchange exposure. On occasion, we do directly purchase amounts of Euro with U.S. dollars, but to date, we have not engaged in any foreign currency hedging transactions, as we do not believe we have had material risk exposure to foreign currency fluctuations.

#### *Inflation*

Although inflation has had a moderate impact on operating expenses, dry-docking expenses and corporate overhead, our management does not consider inflation to be a significant risk to direct costs in the current and foreseeable economic environment. However, if inflation becomes a significant factor in the world economy, inflationary pressures could result in increased operating and financing costs.

## **Item 12. Description of Securities Other than Equity Securities**

Not Applicable.

## PART II

### Item 13. Defaults, Dividend Arrearages and Delinquencies

Not Applicable.

### Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

### Item 15. Controls and Procedures

#### A. Evaluation of Disclosure Controls and Procedures

The Company's management, with the participation of the Company's chief executive officer and chief financial officer, evaluated the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this Annual Report. Based on that evaluation, the chief executive officer and the chief financial officer concluded that the Company's disclosure controls and procedures as of the end of the period covered by this Annual Report were designed and were functioning effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to the Company's management, including our chief executive officer and chief financial officer and principal financial officers, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure.

The Company believes that a system of controls, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the controls are met, and no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within a company have been detected.

#### B. Management's Annual Report on Internal Control Over Financial Reporting

The management of Tsakos Energy Navigation Limited and its subsidiaries, according to Rule 13a-15(f) of the Exchange Act, is responsible for the establishment and maintenance of adequate internal controls over financial reporting for the Company. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. However, in any system of internal control there are inherent limitations and consequently internal control over financial reporting may not absolutely prevent or detect misstatements.

The Company's system of internal control over financial reporting includes policies and procedures that:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal controls over financial reporting, misstatements may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management has performed an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, based on the criteria established within *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Based on its assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2021, was effective.

#### **C. Attestation Report of Independent Registered Public Accounting Firm**

Ernst & Young (Hellas) Certified Auditors Accountants S.A., or Ernst & Young (Hellas), which has audited the consolidated financial statements of the Company for the year ended December 31, 2021, has also audited the effectiveness of the Company's internal control over financial reporting as stated in their audit report which is incorporated into Item 18 of this Form 20-F from page F-3 hereof.

#### **D. Change in Internal Control over Financial Reporting**

No change in the Company's internal control over financial reporting occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

#### **Item 16A. Audit Committee Financial Expert**

The Board of Directors of the Company has determined that Nicholas Tommasino and Efstratios Arapoglou, whose biographical details are included in Item 6 of this Annual Report, each qualifies as an "audit committee financial expert" as defined under current SEC regulations and each satisfies the "accounting or related financial management expertise" standard of the New York Stock Exchange.

#### **Item 16B. Code of Ethics**

The Company has adopted a code of ethics that applies to its directors, officers and employees. A copy of our code of ethics is posted in the "Investor Relations" section of the Tsakos Energy Navigation Limited website and may be viewed at <http://www.tenn.gr>. We will also provide a hard copy of our code of ethics free of charge upon written request of a shareholder. Shareholders may direct their requests to the attention of Investor Relations, c/o George Saroglou or Paul Durham, Tsakos Energy Navigation Limited, 367 Syngrou Avenue, 175 64 P. Faliro, Athens, Greece.

#### **Item 16C. Principal Accountant Fees and Services**

Ernst & Young (Hellas) has audited our annual financial statements acting as our "Independent Registered Public Accounting Firm" for the fiscal years ended December 31, 2021 and 2020.

#### **Audit Fees**

The audit fees include the aggregate fees billed for professional services rendered for the audit of our 2021 and 2020 annual financial statements and for related services that are reasonably related to the performance of the audit or services that are normally provided by the auditor in connection with regulatory filings or engagements for those financial years (including comfort letters, review of the 20-F, consents and other services related to SEC requirements).

The total amount billed and accrued for the Ernst & Young (Hellas) audit services performed in 2021 and 2020 (in Euros) was €719,250 and €686,700 respectively.

#### **Audit-Related Fees**

Ernst & Young (Hellas) did not provide any other services that would be classified in this category during 2021 or 2020.

#### **Tax Fees**

Ernst & Young (Hellas) did not provide any other services that would be classified in this category during 2021 or 2020.

#### **All Other Fees**

Ernst & Young (Hellas) did not provide any other services that would be classified in this category during 2021 or 2020.

#### **Pre-approval Policies and Procedures**

The Audit Committee Charter sets forth the Company's policy regarding retention of the independent auditors, requiring the Audit Committee to review and approve in advance the retention of the independent auditors for the performance of all audit and lawfully permitted non-audit services and the fees related thereto. The Chairman of the Audit Committee or in the absence of the Chairman, any member of the Audit Committee designated by the Chairman, has authority to approve in advance any lawfully permitted non-audit services and fees. The Audit Committee is authorized to establish other policies and procedures for the pre-approval of such services and fees. Where non-audit services and fees are approved under delegated authority, the action must be reported to the full Audit Committee at its next regularly scheduled meeting.

#### **Item 16D. Exemptions from the Listing Standards for Audit Committees**

Not Applicable.

#### **Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers**

On March 24, 2020, the Company announced that its Board of Directors had authorized a share repurchase program for its common and/or its preferred shares of up to \$50 million. Shares may be purchased from time to time in open market or privately negotiated transactions, which may include derivative transactions, at times and prices that are considered to be appropriate by the Company and the program may be discontinued at any time.

In 2021, the Company acquired 19,836 common shares for a total amount of \$0.2 million, with the average purchase price of \$8.33 per share and did not repurchase any preferred shares. The below table presents information about our common share repurchases through December 31, 2021. All purchases have been made on the open market within the safe harbor provisions of Regulation 10b-18 under the Exchange Act.

Period	Total Number of Shares Purchased (a)	Average Price Paid Per Share (b)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (c)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (d)
January 28 to January 29, 2021	9,836	8.25	9,836	40,210,869
February 2, 2021	10,000	8.49	10,000	40,200,869

**Item 16F. Change in Registrant’s Certifying Accountant**

Not Applicable.

**Item 16G. Corporate Governance**

Pursuant to certain exceptions for foreign private issuers, we are not required to comply with certain of the corporate governance practices followed by U.S. companies under the NYSE listing standards. However, pursuant to Section 303A.11 of the NYSE Listed Company Manual and the requirements of Form 20-F, we are required to state any significant differences between our corporate governance practices and the practices required by the NYSE. We believe that our established practices in the area of corporate governance are in line with the spirit of the NYSE standards and provide adequate protection to our stockholders. The significant differences between our corporate governance practices and the NYSE standards applicable to listed U.S. companies are set forth below.

Pursuant to NYSE Rule 303A.07, the NYSE requires that the audit committee of a listed U.S. company have a minimum of three members. As permitted under Bermuda law, our audit committee currently consists of two members.

**Item 16H. Mine Safety Disclosure**

Not Applicable.

**Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.**

Not Applicable.

## PART III

### Item 17. Financial Statements

Not Applicable.

### Item 18. Financial Statements

The following financial statements together with the reports of our independent registered public accounting firm, beginning on page F-1, are filed as part of this annual report.

### Item 19. Exhibits

The following Exhibits are filed as part of this Annual Report. Certain exhibits have been previously filed with the SEC pursuant to the Exchange Act, as amended (Commission File Number 001-31236).

Number	Description
1.1	Memorandum of Association of Tsakos Energy Navigation Limited(P) (filed as Exhibit 3.1 to the Company's Registration Statement on Form F-1 (File No. 333-82326) filed with the SEC and hereby incorporated by reference to such Registration Statement)
<a href="#">1.2</a>	<a href="#">Memorandum of Increase of Share Capital (filed as Exhibit 3.1 to the Company's 6-K filed with the SEC on June 10, 2014, and hereby incorporated by reference)</a>
<a href="#">1.3</a>	<a href="#">Bye-laws of Tsakos Energy Navigation Limited (filed as Exhibit 1.1 to the Company's Form 6-K filed with the SEC on July 7, 2020, and hereby incorporated by reference)</a>
<a href="#">2.1</a>	<a href="#">Certificate of Designation of the 8.75% Series D Cumulative Redeemable Perpetual Preferred Shares (filed as Exhibit 3.3 to the Company's Form 8-A filed with the SEC on April 24, 2015, and hereby incorporated by reference)</a>
<a href="#">2.2</a>	<a href="#">Certificate of Designation of the 9.25% Series E Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares (filed as Exhibit 3.3 to the Company's Form 8-A filed with the SEC on April 4, 2017, and hereby incorporated by reference)</a>
<a href="#">2.3</a>	<a href="#">Certificate of Designation of the 9.50% Series F Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Shares (filed as Exhibit 3.3 to the Company's Form 8-A filed with the SEC on June 27, 2018 and hereby incorporated by reference)</a>
<a href="#">2.4</a>	<a href="#">Certificate of Designation of Series G Redeemable Convertible Perpetual Preferred Shares of Tsakos Energy Navigation Limited, dated September 25, 2019 (filed as Exhibit 99.1 to the Company's Form 6-K furnished to the SEC on September 27, 2019 and hereby incorporated by reference) and the Amendment thereto, dated October 8, 2020 (filed as Exhibit 99.2 to the Company's Form 6-K furnished to the SEC on October 9, 2020 and hereby incorporated by reference)</a>
<a href="#">2.5</a>	<a href="#">Description of Securities (filed herewith)</a>
<a href="#">4.1</a>	<a href="#">Tsakos Energy Navigation Limited 2012 Incentive Plan (filed as Exhibit 4.2 to the Company's Annual Report on Form 20-F filed with the SEC on April 29, 2013 and hereby incorporated by reference)</a>

<a href="#">4.2</a>	<a href="#">Amended and Restated Management Agreement between Tsakos Energy Navigation Limited and Tsakos Energy Management Limited effective January 1, 2007 (filed as Exhibit 4.4 to the Company's 20-F filed with the SEC on May 15, 2007, hereby incorporated by reference to such Annual Report)</a>
<a href="#">4.3</a>	<a href="#">Share Purchase Agreement, dated as of September 23, 2019, by and among Tsakos Energy Navigation Limited, Shyris Shipping Company S.A. and AY Tank Limited, as purchaser (including forms of Certificate of Designation of Series G Redeemable Convertible Perpetual Preferred Shares, Shyris Shipping Statement of Designation of Series B Cumulative Redeemable Perpetual Preferred Shares, and Registration Rights Agreement) (filed as Exhibit 99.1 to the Company's Form 6-K furnished to the SEC on September 23, 2019 and hereby incorporated by reference)</a>
<a href="#">8</a>	<a href="#">List of subsidiaries of Tsakos Energy Navigation Limited (filed herewith)</a>
<a href="#">12.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)</a>
<a href="#">12.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended (filed herewith)</a>
<a href="#">13.1</a>	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>
<a href="#">13.2</a>	<a href="#">Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith)</a>
<a href="#">15.1</a>	<a href="#">Consent of Independent Registered Public Accounting Firm (filed herewith)</a>
101.INS	XBRL Instance Document (filed herewith)
101.SCH	XBRL Taxonomy Extension Schema (filed herewith)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase (filed herewith)
101.DEF	XBRL Taxonomy Extension Definition Linkbase (filed herewith)
101.LAB	XBRL Taxonomy Extension Label Linkbase (filed herewith)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase (filed herewith)

**SIGNATURES**

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**TSAKOS ENERGY NAVIGATION LIMITED**

*/s/ Nikolas P. Tsakos*

**Name:** Nikolas P. Tsakos  
**Title:** President and Chief Executive Officer  
**Date:** April 28, 2022

[Table of Contents](#)

**TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES**

**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

	<b>Page</b>
<a href="#">Reports of Independent Registered Public Accounting Firm (PCAOB ID #1457)</a>	<a href="#">F-2</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2021 and 2020</a>	<a href="#">F-5</a>
<a href="#">Consolidated Statements of Comprehensive (Loss) Income for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-6</a>
<a href="#">Consolidated Statements of Other Comprehensive (Loss) Income for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-7</a>
<a href="#">Consolidated Statements of Stockholders' Equity for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-8</a>
<a href="#">Consolidated Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019</a>	<a href="#">F-9</a>
<a href="#">Notes to the Consolidated Financial Statements</a>	<a href="#">F-10</a>

## Report of Independent Registered Public Accounting Firm

### To the Stockholders and the Board of Directors of Tsakos Energy Navigation Limited

#### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Tsakos Energy Navigation Limited and subsidiaries (the Company) as of December 31, 2021 and 2020, the related consolidated statements of comprehensive (loss)/income, other comprehensive (loss)/income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated April 28, 2022 expressed an unqualified opinion thereon.

#### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

#### Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### *Impairment of vessels, including right-of-use assets under operating leases*

*Description of the matter* As of December 31, 2021, the carrying value of the Company's vessels, including right of use assets under operating leases, plus any unamortized dry-docking costs and leasehold improvements was \$2,525,828 thousands. As discussed in Notes 1(j) and 4 to the consolidated financial statements, the Company evaluates its vessels and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying value of a vessel or a right-of-use asset plus any unamortized dry-docking costs and leasehold improvements might not be recoverable in accordance with the guidance in ASC 360 – Property, Plant and Equipment ("ASC 360"). If indicators of impairment exist, management compares the future undiscounted net operating cash flows expected to be generated throughout the remaining useful life of each vessel or over the remaining lease term of the right-of-use asset to the carrying value plus any unamortized dry-docking costs and leasehold improvements. Where a vessel's or a right of use asset's carrying value plus any unamortized drydocking costs and leasehold improvements exceeds the undiscounted net operating cash flows, management will recognize an impairment loss equal to the excess of the carrying value plus any unamortized dry-docking costs and leasehold improvements over the fair value of the vessel or right-of-use asset. During the year ended December 31, 2021, the Company recognized impairment charges of \$86,368 thousands in relation to 7 vessels.

Auditing management's recoverability assessment was complex given the judgement and estimation uncertainty involved in determining the assumption of the future charter rates for non-contracted revenue days when forecasting the undiscounted net operating cash flows. These future charter rates are subjective as they involve the development and use of assumptions about the tanker and Liquefied Natural Gas ("LNG") shipping markets through the end of the useful lives of the vessels, or over the remaining lease term for the right of use assets under operating leases. These assumptions are forward looking and subject to the inherent unpredictability of future global economic and market conditions.

*How we addressed the matter in our audit* We obtained an understanding of the Company's impairment process, evaluated the design, and tested the operating effectiveness of the controls over the Company's determination of future charter rates for non-contracted revenue days.

We analyzed management's impairment assessment by comparing the methodology used to evaluate impairment of each vessel and right-of-use- asset against the accounting guidance in ASC 360. To test management's undiscounted net operating cash flow forecasts, our procedures included, among others, comparing the future vessel and right-of-use asset charter rates for non-contracted revenue days against internal and external market data sources, such as available market data from various analysts, historical data for the vessels, and recent economic and industry changes. In addition, we performed sensitivity analyses to assess the impact of changes to future charter rates for non-contracted revenue days in the determination of the net operating cash flows. We evaluated the accuracy of the forecast by comparing actual results to management's historical forecasts. Our procedures also included testing the completeness and accuracy of the future charter rate data used within the forecasts. For vessels where the carrying value exceeded the undiscounted projected net operating cash flows, we inspected the independent broker valuation reports used by management to determine the market value. We evaluated the objectivity and competence of the independent brokers who performed the valuation by considering the work they were engaged to perform, professional qualifications, remuneration structure, and experience. We assessed the adequacy of the Company's disclosures in Notes 1(i) and 4.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as the Company's auditor since 2002.

Athens, Greece  
April 28, 2022

[Table of Contents](#)

## Report of Independent Registered Public Accounting Firm

### To the Stockholders and the Board of Directors of Tsakos Energy Navigation Limited

#### Opinion on Internal Control over Financial Reporting

We have audited Tsakos Energy Navigation Limited and subsidiaries' internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the COSO criteria). In our opinion, Tsakos Energy Navigation Limited and subsidiaries (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021 based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2021 and 2020, the related consolidated statements of comprehensive (loss) / income, other comprehensive (loss) / income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2021, and the related notes and our report dated April 28, 2022 expressed an unqualified opinion thereon.

#### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

#### Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece

April 28, 2022

[Table of Contents](#)

**TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEETS**

DECEMBER 31, 2021, AND 2020

(Expressed in thousands of U.S. Dollars—except share and per share data)

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 117,192	\$ 160,475
Restricted cash	10,005	11,296
Margin deposits (Note 14)	5,849	6,153
Trade accounts receivable, net (Note 1(f))	30,622	25,273
Capitalized voyage expenses	1,839	1,601
Due from related parties (Note 2)	14,607	20,786
Advances and other	20,176	18,019
Vessels held for sale (Note 1(j))	—	54,000
Inventories	22,918	21,813
Prepaid insurance and other	1,861	1,416
Receivable, short-term (Note 4)	12,741	—
Current portion of financial instruments—Fair value (Note 14)	1,852	642
<b>Total current assets</b>	<b>239,662</b>	<b>321,474</b>
<b>FINANCIAL INSTRUMENTS—FAIR VALUE, net of current portion (Note 14)</b>	<b>1,526</b>	<b>—</b>
<b>RIGHT OF USE ASSET UNDER OPERATING LEASES (Note 4)</b>	<b>88,573</b>	<b>67,110</b>
<b>LONG-TERM RECEIVABLE (Note 4)</b>	<b>23,163</b>	<b>27,294</b>
<b>FIXED ASSETS (Note 4)</b>		
Advances for vessels under construction	104,635	49,030
Vessels	3,279,440	3,618,309
Accumulated depreciation	(876,482)	(1,003,197)
Vessels' Net Book Value	2,402,958	2,615,112
<b>Total fixed assets</b>	<b>2,507,593</b>	<b>2,664,142</b>
<b>DEFERRED CHARGES AND LEASEHOLD IMPROVEMENTS, net (Note 5)</b>	<b>34,297</b>	<b>32,255</b>
<b>Total assets</b>	<b>\$ 2,894,814</b>	<b>\$ 3,112,275</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt (Note 6)	\$ 172,936	\$ 232,428
Payables	74,912	55,291
Due to related parties (Note 2)	7,747	4,003
Accrued liabilities	27,851	40,551
Unearned revenue	9,020	12,623
Current portion of obligations under operating leases (Note 4)	29,749	20,976
Current portion of financial liability (Note 4)	997	905
Current portion of financial instruments—Fair value (Note 14)	8,884	15,263
<b>Total current liabilities</b>	<b>332,096</b>	<b>382,040</b>
<b>LONG-TERM DEBT, net of current portion (Note 6)</b>	<b>1,200,251</b>	<b>1,267,929</b>
<b>LONG-TERM OBLIGATIONS UNDER OPERATING LEASES (Note 4)</b>	<b>58,824</b>	<b>46,134</b>
<b>FINANCIAL LIABILITY, net of current portion (Note 4)</b>	<b>3,196</b>	<b>4,243</b>
<b>FINANCIAL INSTRUMENTS—FAIR VALUE, net of current portion (Note 14)</b>	<b>8,656</b>	<b>30,111</b>
<b>STOCKHOLDERS' EQUITY (Note 8)</b>		
Preferred Shares, \$ 1.00 par value; 25,000,000 shares authorized, 3,516,896 Series D Preferred Shares, 4,743,708 Series E Preferred Shares, 6,741,259 Series F Preferred Shares and 459,286 Series G Convertible Preferred Shares issued and outstanding at December 31, 2021 and 3,424,803 Series D Preferred Shares, 4,600,000 Series E Preferred Shares, 6,000,000 Series F Preferred Shares and 2,615,000 Series G Convertible Preferred Shares issued and outstanding at December 31, 2020.	15,461	16,640
Common shares, \$ 5.00 par value; 35,000,000 shares authorized at December 31, 2021 and December 31, 2020; 25,244,113 shares issued and 24,565,940 shares outstanding at December 31, 2021 and 19,194,615 shares issued and 18,215,679 shares issued and outstanding at December 31, 2020 respectively.	126,221	95,973
Additional paid-in capital	973,582	949,090
Cost of treasury stock	(6,791)	(9,834)
Accumulated other comprehensive loss	(17,175)	(36,994)
Retained earnings	149,505	338,800
<b>Total Tsakos Energy Navigation Limited stockholders' equity</b>	<b>1,240,803</b>	<b>1,353,675</b>
Non-controlling interest	50,988	28,143
<b>Total stockholders' equity</b>	<b>1,291,791</b>	<b>1,381,818</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 2,894,814</b>	<b>\$ 3,112,275</b>

The accompanying notes are an integral part of the consolidated financial statements.

**TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES**  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019  
(Expressed in thousands of U.S. Dollars—except share and per share data)

	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>VOYAGE REVENUES:</b>	\$ 546,120	\$ 644,135	\$ 597,452
<b>EXPENSES:</b>			
Voyage expenses	198,078	145,267	125,802
Charter hire expense	30,056	21,602	10,822
Vessel operating expenses	173,277	179,205	180,233
Depreciation and amortization	143,253	137,100	139,424
General and administrative expenses	29,130	29,040	27,696
Loss on sale of vessels (Note 4)	5,817	6,451	—
Impairment charges (Note 3, 4)	86,368	28,776	27,613
<b>Total expenses</b>	<b>665,979</b>	<b>547,441</b>	<b>511,590</b>
<b>Operating (loss) income</b>	<b>(119,859)</b>	<b>96,694</b>	<b>85,862</b>
<b>OTHER INCOME (EXPENSES):</b>			
Interest and finance costs, net (Note 7)	(31,407)	(70,579)	(74,723)
Interest income	703	1,071	3,694
Other, net	(18)	36	(825)
<b>Total other expenses, net</b>	<b>(30,722)</b>	<b>(69,472)</b>	<b>(71,854)</b>
<b>Net (loss) income</b>	<b>(150,581)</b>	<b>27,222</b>	<b>14,008</b>
Less: Net (income) loss attributable to the non-controlling interest	(820)	(3,220)	1,118
<b>Net (loss) income attributable to Tsakos Energy Navigation Limited</b>	<b>\$ (151,401)</b>	<b>\$ 24,002</b>	<b>\$ 15,126</b>
Effect of preferred dividends (Note 10)	(33,603)	(36,579)	(40,400)
Deemed dividend on Series B Preferred Shares (Note 10)	—	—	(2,750)
Deemed dividend on Series C Preferred Shares (Note 10)	—	(2,493)	—
Deemed dividend on partially redeemed Series G Convertible Preferred Shares (Note 10)	(2,171)	—	—
<b>Net loss attributable to common stockholders of Tsakos Energy Navigation Limited</b>	<b>\$ (187,175)</b>	<b>\$ (15,070)</b>	<b>\$ (28,024)</b>
<b>Loss per share, basic and diluted attributable to Tsakos Energy Navigation Limited common stockholders</b>	<b>\$ (9.53)</b>	<b>\$ (0.80)</b>	<b>\$ (1.58)</b>
<b>Weighted average number of shares, basic and diluted</b>	<b>19,650,307</b>	<b>18,768,599</b>	<b>17,751,585</b>

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

**TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE (LOSS) INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019**

(Expressed in thousands of U.S. Dollars-except share and per share data)

	2021	2020	2019
<b>Net (loss) income</b>	<b>\$ (150,581)</b>	<b>\$ 27,222</b>	<b>\$ 14,008</b>
<b>Other comprehensive income (loss)</b>			
<b>Unrealized losses from hedging financial instruments</b>			
Unrealized income (loss) on interest rate swaps, net	19,819	(18,641)	(9,693)
<b>Comprehensive (loss) income</b>	<b>(130,762)</b>	<b>8,581</b>	<b>4,315</b>
Less: comprehensive (income) loss attributable to the non-controlling interest	(820)	(3,220)	1,118
<b>Comprehensive (loss) income attributable to Tsakos Energy Navigation Limited</b>	<b>\$ (131,582)</b>	<b>\$ 5,361</b>	<b>\$ 5,433</b>

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

**TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars-except for share and per share data)

	<u>Treasury stock</u>						Retained Earnings	Accumulated Other Comprehensive (Loss)	Tsakos Energy Navigation Limited	Non- controlling Interest	Total Stockholders' Equity
	Preferred Shares	Common Shares	Additional Paid-in Capital	Shares	Amount	Earnings					
<b>BALANCE December 31, 2018</b>	<b>\$ 18,025</b>	<b>\$ 87,605</b>	<b>\$ 996,833</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 400,933</b>	<b>\$ (8,660)</b>	<b>\$ 1,494,736</b>	<b>\$ 12,041</b>	<b>\$ 1,506,777</b>	
Net income (loss)	—	—	—	—	—	15,126	—	15,126	(1,118)	14,008	
Issuance of Series G Convertible Preferred Shares	3,500	—	30,484	—	—	—	—	33,984	—	33,984	
Conversion of Series G Convertible Preferred Shares	(875)	2,917	(2,042)	—	—	—	—	—	—	—	
Sale of Common Shares	—	4,557	11,995	—	—	—	—	16,552	—	16,552	
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	—	10,000	10,000	
Cash dividends paid (\$0.25 per common share)	—	—	—	—	—	(8,907)	—	(8,907)	—	(8,907)	
Redemption of Series B Preferred Shares paid	(2,000)	—	(45,250)	—	—	(2,750)	—	(50,000)	—	(50,000)	
Dividends paid on Series B preferred shares	—	—	—	—	—	(3,000)	—	(3,000)	—	(3,000)	
Dividends paid on Series C preferred shares	—	—	—	—	—	(4,438)	—	(4,438)	—	(4,438)	
Dividends paid on Series D preferred shares	—	—	—	—	—	(7,492)	—	(7,492)	—	(7,492)	
Dividends paid on Series E preferred shares	—	—	—	—	—	(10,639)	—	(10,639)	—	(10,639)	
Dividends paid on Series F preferred shares	—	—	—	—	—	(14,250)	—	(14,250)	—	(14,250)	
Dividends paid on Series G Convertible preferred shares	—	—	—	—	—	(583)	—	(583)	—	(583)	
Other comprehensive loss	—	—	—	—	—	—	(9,693)	(9,693)	—	(9,693)	
<b>BALANCE December 31, 2019</b>	<b>\$ 18,650</b>	<b>\$ 95,079</b>	<b>\$ 992,020</b>	<b>—</b>	<b>\$ —</b>	<b>\$ 364,000</b>	<b>\$ (18,353)</b>	<b>\$ 1,451,396</b>	<b>\$ 20,923</b>	<b>\$ 1,472,319</b>	
Net income	—	—	—	—	—	24,002	—	24,002	3,220	27,222	
Conversion of Series G Convertible Preferred Shares	(10)	33	(23)	—	—	—	—	—	—	—	
Sale of Common Shares	—	861	2,600	—	—	—	—	3,461	—	3,461	
Purchase of Treasury Stock	—	—	—	978,936	(9,834)	—	—	(9,834)	—	(9,834)	
Capital contribution from non-controlling interest	—	—	—	—	—	—	—	—	4,000	4,000	
Cash dividends paid (\$0.50 per common share)	—	—	—	—	—	(9,379)	—	(9,379)	—	(9,379)	
Redemption of Series C Preferred Shares paid	(2,000)	—	(45,507)	—	—	(2,493)	—	(50,000)	—	(50,000)	
Dividends paid on Series C preferred shares	—	—	—	—	—	(4,079)	—	(4,079)	—	(4,079)	
Dividends paid on Series D preferred shares	—	—	—	—	—	(7,492)	—	(7,492)	—	(7,492)	
Dividends paid on Series E preferred shares	—	—	—	—	—	(10,637)	—	(10,637)	—	(10,637)	
Dividends paid on Series F preferred shares	—	—	—	—	—	(14,250)	—	(14,250)	—	(14,250)	
Dividends paid on Series G Convertible preferred shares	—	—	—	—	—	(872)	—	(872)	—	(872)	
Other comprehensive loss	—	—	—	—	—	—	(18,641)	(18,641)	—	(18,641)	
<b>BALANCE December 31, 2020</b>	<b>\$ 16,640</b>	<b>\$ 95,973</b>	<b>\$ 949,090</b>	<b>978,936</b>	<b>\$ (9,834)</b>	<b>\$ 338,800</b>	<b>\$ (36,994)</b>	<b>\$ 1,353,675</b>	<b>\$ 28,143</b>	<b>\$ 1,381,818</b>	
Net (loss) income	—	—	—	—	—	(151,401)	—	(151,401)	820	(150,581)	
Purchase of Treasury Stock	—	—	—	19,836	(168)	—	—	(168)	—	(168)	
Sale of Common Shares	—	30,248	20,290	(320,599)	3,211	(273)	—	53,476	—	53,476	
Partial redemption of Series G convertible preferred shares	(2,156)	—	(18,562)	—	—	(2,171)	—	(22,889)	22,889	—	
Sale of Series D preferred shares	92	—	2,148	—	—	—	—	2,240	—	2,240	
Sale of Series E preferred shares	144	—	3,357	—	—	—	—	3,501	—	3,501	
Sale of Series F preferred shares	741	—	17,259	—	—	—	—	18,000	—	18,000	

Cash dividends paid (\$0.10 per common share)					(1,978)			(1,978)		(1,978)									
Dividends paid on Class B preferred shares of subsidiary								(864)		(864)									
Dividends paid on Series D preferred shares					(7,594)			(7,594)		(7,594)									
Dividends paid on Series E preferred shares					(10,814)			(10,814)		(10,814)									
Dividends paid on Series F preferred shares					(15,010)			(15,010)		(15,010)									
Dividends paid on Series G Convertible preferred shares					(54)			(54)		(54)									
Other comprehensive income							19,819	19,819		19,819									
<b>BALANCE December 31, 2021</b>	<b>\$</b>	<b>15,461</b>	<b>\$</b>	<b>126,221</b>	<b>\$</b>	<b>973,582</b>	<b>678,173</b>	<b>\$</b>	<b>(6,791)</b>	<b>\$</b>	<b>149,505</b>	<b>\$</b>	<b>(17,175)</b>	<b>\$</b>	<b>1,240,803</b>	<b>\$</b>	<b>50,988</b>	<b>\$</b>	<b>1,291,791</b>

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

**TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars)

	2021	2020	2019
<b>Cash Flows from Operating Activities:</b>			
Net (loss) income	\$ (150,581)	\$ 27,222	\$ 14,008
Adjustments to reconcile net (loss) income to net cash provided by operating activities			
Depreciation	126,821	127,278	128,783
Amortization of deferred dry-docking costs	16,432	9,822	10,641
Amortization of deferred finance costs	3,246	3,782	4,822
Interest expense on long term receivable, net	(32)	1,932	—
Change in fair value of derivative instruments	(12,054)	8,121	(820)
Loss on sale of vessels	5,817	6,451	—
Impairment charges	86,368	28,776	27,613
Payments for dry-docking	(27,157)	(16,291)	(12,871)
(Increase) Decrease in:			
Receivables, net	(1,327)	19,659	(9,056)
Margin deposits	304	(6,153)	—
Inventories	(1,105)	(8,781)	7,356
Prepaid insurance and other	(445)	(521)	178
Capitalized voyage expenses	(238)	(1,096)	112
Increase (Decrease) in:			
Payables	23,365	14,981	2,415
Accrued liabilities	(12,700)	(10,322)	5,108
Unearned revenue	(3,603)	556	6,060
<b>Net Cash provided by Operating Activities</b>	<b>53,111</b>	<b>205,416</b>	<b>184,349</b>
<b>Cash Flows from Investing Activities:</b>			
Advances for vessels under construction and acquisitions	(55,605)	(39,671)	(55,988)
Vessel acquisitions and/or improvements	(5,623)	(148,569)	(46,217)
Proceeds from sale of vessels	53,224	93,627	—
<b>Net Cash used in Investing Activities</b>	<b>(8,004)</b>	<b>(94,613)</b>	<b>(102,205)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from long-term debt	189,758	348,903	494,368
Financing costs	(1,270)	(2,964)	(3,556)
Payments of long-term debt	(318,904)	(383,660)	(556,939)
Purchase of treasury stock	(168)	(9,834)	—
Redemption of Series B preferred shares	—	—	(50,000)
Redemption of Series C preferred shares	—	(50,000)	—
Proceeds from stock issuance program, net	53,476	3,461	16,552
Proceeds from preferred stock issuance, net	23,741	—	33,984
Cash dividends	(36,314)	(46,708)	(49,309)
Capital contribution from non-controlling interest to subsidiary	—	4,000	10,000
<b>Net Cash used in Financing Activities</b>	<b>(89,681)</b>	<b>(136,802)</b>	<b>(104,900)</b>
<b>Net decrease in cash and cash equivalents and restricted cash</b>	<b>(44,574)</b>	<b>(25,999)</b>	<b>(22,756)</b>
<b>Cash and cash equivalents and restricted cash at beginning of period</b>	<b>171,771</b>	<b>197,770</b>	<b>220,526</b>
<b>Cash and cash equivalents and restricted cash at end of period</b>	<b>\$ 127,197</b>	<b>\$ 171,771</b>	<b>\$ 197,770</b>
<i>Interest paid</i>			
Cash paid for interest, net of amounts capitalized	\$ 40,840	\$ 53,813	\$ 70,755
<b>Reconciliation of cash and cash equivalents and restricted cash at end of period:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	117,192	160,475	184,835
Restricted cash	10,005	11,296	12,935
<b>Total Cash and cash equivalents and restricted cash</b>	<b>127,197</b>	<b>171,771</b>	<b>197,770</b>

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

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**1. Significant Accounting Policies**

**(a) Basis of presentation and description of business:** The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”) and include the accounts of Tsakos Energy Navigation Limited (the “Holding Company”), and its wholly-owned and majority-owned subsidiaries (collectively, the “Company”). All intercompany balances and transactions have been eliminated upon consolidation.

The Company owns and operates a fleet of crude oil and product carriers including five vessels chartered-in and two liquefied natural gas (“LNG”) carriers providing worldwide marine transportation services under long, medium or short-term charters.

On July 1, 2020, the Company effected a 1-for-5 reverse stock split of its common shares. In connection with the reverse stock split 33.2 fractional shares were cashed out. All share and per share amounts disclosed in the consolidated financial statements and notes give effect to this reverse stock split retroactively, for all periods presented prior to the reverse stock split.

**Impact of COVID-19 and conflict in Ukraine on the Company’s Business**

The impact of the COVID-19 pandemic and the conflict in Ukraine will continue to negatively affect the global economy and demand for oil and charter rates, which may continue to have a negative effect on the Company’s business, financial performance and the results of its operations. As a result, many of the Company’s estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, the Company’s estimates may change in future periods.

**(b) Use of Estimates:** The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities and expenses, reported in the consolidated financial statements and the accompanying notes. Although actual results could differ from those estimates, management does not believe that such differences would be material.

**(c) Other Comprehensive (Loss) Income:** The consolidated statement of other comprehensive (loss) income, presents the change in equity (net assets) during a period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during a period except those resulting from investments by shareholders and distributions to shareholders. Reclassification adjustments are presented out of accumulated other comprehensive loss on the face of the statement in which the components of other comprehensive (loss) income are presented or in the notes to the consolidated financial statements. The Company follows the provisions of ASC 220 “Comprehensive Income”, and presents items of net income, items of other comprehensive income (“OCI”) and total comprehensive income in two separate and consecutive statements.

**(d) Foreign Currency Translation:** The functional currency of the Company is the U.S. Dollar because the Company’s vessels operate in international shipping markets in which the U.S. Dollar is utilized to transact most business. The accounting books of the Company are also maintained in U.S. Dollars. Transactions involving other currencies during the year are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are translated into U.S. Dollars at the year-end exchange rates. Resulting gains or losses are reflected within Vessel operating expenses in the accompanying Consolidated Statements of Comprehensive (Loss) Income.

**(e) Cash, Cash Equivalents and Restricted Cash:** The Company classifies highly liquid investments such as time deposits and certificates of deposit and their equivalents with original maturities of three months or less as cash and cash equivalents. Cash deposits with certain banks that may only be used for special purposes (including loan repayments) are classified as Restricted cash.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**(f) Trade Accounts Receivable, Net and Credit Losses Accounting:** Trade accounts receivable, net at each balance sheet date includes estimated recoveries from charterers for hire, freight and demurrage billings and revenue earned but not yet billed, net of any allowance for receivables deemed uncollectible. Trade accounts receivable are recorded when the right to consideration becomes unconditional. The Company's management at each balance sheet date reviews all outstanding invoices and provides allowance for receivables deemed uncollectible primarily based on the aging of such balances and any amounts in dispute. During 2021 and 2020, the Company had no write offs (\$3,218 during 2019) of trade accounts receivable, deemed uncollectible.

As of January 1, 2020, the Company adopted ASC 326 which requires entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade accounts receivable. Under the new guidance, an entity recognizes as an allowance its estimate of lifetime expected credit losses which will result in more timely recognition of such losses. The Company adopted the accounting standard using the prospective transition approach as of January 1, 2020, which resulted in an immaterial adjustment in the opening balance of retained earnings. The Company maintains an allowance for credit losses for expected uncollectible accounts receivable, which is recorded as an offset to trade accounts receivable and changes in such, if any, are classified as allowance for credit losses in the Consolidated Statements of Comprehensive (Loss) Income.

The adoption of ASC 326 primarily impacted trade accounts receivable recorded on the Consolidated Balance Sheet. The Company assessed collectability by reviewing accounts receivable on a collective basis where similar characteristics exist and on an individual basis when the Company identifies specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, the Company considered historical collectability based on past due status. The Company also considered customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to determine adjustments to historical loss data.

The Company assessed that any impairment of accounts receivable arising from operating leases, i.e. time charters, should be accounted for in accordance with Topic 842, Leases, and not in accordance with Topic 326. Impairment of accounts receivable arising from voyage charters, which are accounted for in accordance with Topic 606, Revenues from Contracts with Customers, are within the scope of Subtopic 326 and must therefore, be assessed for expected credit losses. No additional allowance was warranted for the years ended December 31, 2020 and December 31, 2021.

No allowance was recorded on insurance claims as of January 1, 2020, December 31, 2020, and December 31, 2021, as their balances were immaterial. In addition, no allowance was recorded for cash equivalents as the majority of cash balances as of the balance sheet date were on time deposits with highly reputable credit institutions, for which periodic evaluations of the relative credit standing of those financial institutions are performed.

**(g) Inventories:** Inventories consist of bunkers, lubricants, victualling and stores and are stated at the lower of cost or net realizable value. The cost is determined primarily by the first-in, first-out method. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in earnings in the period in which it occurs.

**(h) Fixed Assets:** Fixed assets consist of vessels. Vessels are stated at cost, less accumulated depreciation. The cost of vessels includes the contract price and pre-delivery costs incurred during the construction and delivery of newbuildings, including capitalized interest, and expenses incurred upon the acquisition of second-hand vessels. Subsequent expenditures for conversions and major improvements are capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels; otherwise, they are charged to expense as incurred. Expenditures for routine repairs and maintenance are expensed as incurred.

Depreciation is provided on the straight-line method based on the estimated remaining economic useful lives of the vessels, less an estimated residual value based on a scrap price. Effective October 1, 2021 and following management's reassessment of the residual value of the vessels, the estimated scrap value per light weight ton ("LWT") was increased to \$0.43 from \$0.39. Management's estimate was based on the average demolition prices prevailing in the market during the last four years for which historical data were available. The effect of this change in accounting estimate, which did not require retrospective application as per ASC 250 "Accounting Changes and Error Corrections", was to decrease net loss for the year ended December 31, 2021, by \$746 or \$0.04 per weighted average number of shares, both basic and diluted. The decrease in the annual depreciation expense is expected to amount approximately \$3.0 million per annum based on the useful lives of the Company's existing fleet which are estimated at 25 years for crude and product oil carriers and 40 years for the LNG carriers from the date of original delivery from the shipyard.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**(i) Impairment of Fixed Assets:** The Company reviews vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of a vessel including any unamortized dry-docking costs (Note 1(k)) may not be recoverable. When such indicators are present, a vessel to be held and used is tested for recoverability by comparing the estimate of future undiscounted net operating cash flows expected to be generated by the use of the vessel over its remaining useful life and its eventual disposition to its carrying amount. Net operating cash flows are determined by applying various assumptions regarding the use or probability of sale of each vessel, future revenues net of commissions, operating expenses, scheduled dry-dockings, expected off-hire and scrap values, and taking into account historical revenue data and published forecasts on future world economic growth and inflation. Should the carrying value of the vessel, including any unamortized dry-docking costs, exceed its estimated future undiscounted net operating cash flows, impairment is measured based on the excess of the carrying amount plus any unamortized dry-docking costs over the fair market value of the asset. The Company determines the fair value of its vessels based on management estimates and assumptions and by making use of available market data and taking into consideration third party valuations. The review of the carrying amounts in connection with the estimated recoverable amount for the Company's vessels and advances for vessels under construction as of December 31, 2021, 2020 and 2019, indicated an impairment charge of \$86,368, \$zero and \$18,661, respectively (Note 4).

In addition, the Company reviews and tests its right-of use-assets for impairment at each reporting date by comparing their carrying amount plus any unamortized leasehold improvements (Note 1(k)) with the estimated future undiscounted net operating cash flows expected to be generated by the use of the vessels, considering three-year charter rates estimates and the average of those, over the remaining lease term (Note 4). The review of the carrying amounts in connection with the estimated recoverable amount for the Company's right of use assets as of December 31, 2021, 2020, indicated no impairment charge.

**(j) Reporting Assets held for sale:** It is the Company's policy to dispose of vessels when suitable opportunities occur and not necessarily to keep them until the end of their useful life. Long-lived assets are classified as held for sale when all applicable criteria enumerated under ASC 360 "Property, Plant, and Equipment" are met and are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. An impairment charge for an asset held for sale is recognized when its fair value less cost to sell is lower than its carrying value at the date it meets the held for sale criteria and upon subsequent measurement. At December 31, 2021, there were no vessels held for sale. At December 31, 2020, the Company considered that the suezmax tankers, *Arctic* and *Antarctic* met the criteria to be classified as held for sale. At December 31, 2019, the Company considered that the suezmax tankers *Archangel*, *Alaska*, *Silia T* and the aframax tanker *Izumo Princess* met the criteria to be classified as held for sale.

**(k) Accounting for Special Survey, Dry-docking Costs and Leasehold improvements:** The Company follows the deferral method of accounting for dry-docking and special survey costs whereby actual costs incurred are reported in Deferred Charges and leasehold improvements and are amortized on a straight-line basis over the period through the date the next dry-docking is scheduled to become due (approximately every five years during the first fifteen years of the vessels' life and every two and a half years within the remaining useful life of the vessels). Costs relating to routine repairs and maintenance are expensed as incurred. The unamortized portion of special survey and dry-docking costs for a vessel that is sold and/ or classified as held for sale, is included as part of the carrying amount of the vessel in determining the gain or loss on sale of the vessel.

The Company follows the deferral method of accounting for leasehold improvement costs whereby actual costs incurred are reported in Deferred Charges and leasehold improvements and are amortized on a straight-line basis over the shorter of the useful life of those leasehold improvements and the remaining lease term.

**(l) Loan Costs:** Costs incurred for obtaining new loans or refinancing of existing loans, upon application of certain criteria, are capitalized and amortized over the term of the respective loan, using the effective interest rate method. Any unamortized balance of costs relating to loans repaid or refinanced as debt extinguishments is expensed in the period the repayment or extinguishment is made. Deferred financing costs, net of accumulated amortization, are presented as a reduction of long-term debt (Note 6).

**(m) Accounting for Leases:** The Company adopted Accounting Standards Update 2016-02, Leases (or ASU 2016-02) and ASU No. 2018-11, Leases (ASC 842)—Targeted Improvements, on January 1, 2019, using the optional transition method. In connection with the adoption of ASC 842, the Company elected the package of practical expedients that allows companies not to reassess whether any expired or expiring contracts are or contain leases, lease classification for any expired or expiring leases and initial direct costs for any expired or expiring leases. Following the adoption and based on the Company's analysis, there was no cumulative effect adjustment to the opening balance of retained earnings. The adoption of ASC 842 resulted in a change in the accounting method for the lease portion of the daily charter hire for the Company's chartered-in vessels accounted for as operating leases with firm periods of greater than one year.

**Sale and Leaseback Transactions:** The Company has entered into seven sale and leaseback transactions accounted for as operating leases as of December 31, 2021 (Note 4). According to the provisions of ASC 842-20-30-1, at the commencement date, a lessee shall measure both of the following: a) The lease liability at the present value of the lease payments not yet paid, discounted using the discount rate for the lease at lease commencement and b) The right-of-use asset, which shall consist of all of the following: i) The amount of the initial measurement of the lease liability, ii) Any lease payments made to the lessor at or before the commencement date, minus any lease incentives received and iii) Any initial direct costs incurred by the lessee.

After lease commencement, the Company measures the lease liability for an operating lease at the present value of the remaining lease payments using the discount rate determined at lease commencement (Note 4). The right-of-use asset is subsequently measured at the amount of the remeasured lease liability, adjusted for the remaining balance of any lease incentives received, any cumulative prepaid or accrued rent if the lease payments are uneven throughout the lease term and any unamortized initial direct costs.

Any changes made to leased assets to customize it for a particular use or need of the lessee are capitalized as leasehold improvements. Amounts attributable to leasehold improvements are presented separately from the related right-of-use asset (Note 1(k)).

**(n) Accounting for Revenues and Expenses:** Voyage revenues are generated from voyage charter agreements and contracts of affreightment, bareboat charter, time charter agreements (including profit sharing clauses) or pooling arrangements.

**Voyage charters and contracts of affreightment:** Voyage charters, are contracts made in the spot market for the use of a vessel for a specific voyage in return of payment of an agreed upon freight rate per ton of cargo. Contracts of affreightment are contracts for multiple voyage charter employments. Revenues from voyage charters in the spot market or under contracts of affreightment are recognized ratably from commencement of cargo loading to completion of discharge of the current cargo, in accordance with ASC 606. Voyage charter payments are due upon discharge of the cargo. Revenues from voyage charters and contracts of affreightment amounted to \$255,017, \$259,015 and \$215,197 for the years ended December 31, 2021, 2020 and 2019, respectively. At December 31, 2021 and 2020, receivables from voyage charters and contracts of affreightment amounted to \$23,160 and \$21,268 respectively, the majority of them collected upon completion of the voyage.

Demurrage revenue, which is included in voyage revenues, represents charterers' reimbursement for any potential delays exceeding the allowed lay time as per charter party agreement and is recognized as the performance obligation is satisfied.

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**Time, bareboat charters and pooling arrangements:** For time charters and bareboat arrangements, a contract exists, and the vessel is delivered (commencement date) to the charterer, for a fixed period of time, at rates that are determined in the charter agreement and the relevant voyage expenses (i.e. port dues, canal tolls, pilotages and fuel consumption) burden the charterer. The charterer has the right, upon delivery of the vessel, to control the use of the vessel as it has the right to: (i) decide the (re)delivery time of the vessel; (ii) arrange the ports from which the vessel shall pass; (iii) give directions to the master of the vessel regarding the vessel's operations (i.e. speed, route, bunkers purchases, etc.); (iv) sub-charter the vessel and (v) consume any income deriving from the vessel's charter.

Thus, time and bareboat charter agreements are accounted for as operating leases, ratably on a straight line over the duration of the charter agreement and therefore, fall under the scope of ASC 842 (Note 1 (m)).

For vessels operating in pooling arrangements, the Company earns a portion of the generated total revenues, net of expenses incurred by the pool. Revenues and voyage expenses are pooled and allocated to each pool's participants on a time charter equivalent, or TCE basis, in accordance with an agreed-upon formula, which is determined by points awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for as a variable rate operating leases, falling under the scope of ASC 842 (Note 1(m)) and is recognized for the applicable period, when the collectability is reasonably assured, based on the net revenue distributed by the pool.

The charterer may charter the vessel with or without the owner's crew and other operating services (time charter/pooling arrangements, and bareboat charter, respectively). Thus, the agreed daily rates (hire rates) in the case of time charter agreements and pooling arrangements also include compensation for part of the agreed crew and other operating services provided by the owner (non-lease components). The Company has elected to account for the lease and non-lease components of time charter agreements and pooling arrangements as a combined component in its consolidated financial statements, having taken into account that the non-lease component would be accounted for ratably on a straight-line basis over the duration of the time charter and pooling arrangements in accordance with ASC 606 and that the lease component is considered as the predominant component. In this respect, the Company qualitatively assessed that more value is ascribed to the vessel rather than to the services provided under the time charter agreements and pooling arrangements.

Profit sharing contracts are accounted for as variable consideration and included in the transaction price to the extent that variable amounts earned beyond an agreed fixed minimum hire are determinable at the reporting date and when there is no uncertainty associated with the variable consideration. Profit-sharing revenues are calculated at an agreed percentage of the excess of the charter's average daily income over an agreed amount.

Revenue from time charter hire arrangements with an escalation clause is recognized on a straight-line basis over the charter term unless another systematic and rational basis is more representative of the time pattern in which the vessel is employed.

Revenues from time, bareboat and pooling charter arrangements amounted to \$291,103, \$385,120 and \$382,255 for the years ended December 31, 2021, 2020 and 2019, respectively.

Revenues generated from time charter and bareboat are usually collected in advance.

**Voyage related and vessel operating costs:** Voyage expenses primarily consist of port charges, canal dues and bunker (fuel) costs relating to spot charters or contract of affreightment. These voyage expenses are borne by the Company unless the vessel is on time-charter, in which case they are borne by the charterer. Commissions (i.e. brokerage and address) are included in voyage expenses under all types of employment. All voyage expenses are expensed as incurred, apart from bunker expenses which consist of part of the contract fulfillment costs and are recognized as a deferred contract cost and amortized over the voyage period when the relevant criteria under ASC 340-40 are met. Unamortized deferred contract costs are included in the consolidated balance sheet under Capitalized voyage expenses. Costs amortized during the year ended December 31, 2021, to fulfill contracts were \$5,466. Commissions are expensed as incurred. Vessel operating costs include crew costs, insurances, repairs and maintenance, spares, stores, lubricants, quality and safety costs and other expenses such as tonnage tax, registration fees and communication costs, as well as foreign currency gains or losses. All vessel operating expenses are expensed as incurred. Under a bareboat charter, the charterer assumes responsibility for all voyage and vessel operating expenses and risk of operation. Upon adoption of ASC 842, the Company made an accounting policy election to not recognize contract fulfillment costs for time charters under ASC 340-40.

**Unearned revenue:** Unearned revenue represents cash received prior to the year-end for which related service has not been provided. It primarily relates to charter hire paid in advance and to revenue resulting from charter agreements with varying rates.

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**Customers' concentration:** Voyage revenues for 2021, 2020 and 2019 included revenues derived from significant charterers as follows (in percentages of total voyage revenues):

Charterer	2021	2020	2019
A	14%	12%	13%
B	11%	9%	11%
C	8%	9%	10%

**(o) Segment Reporting:** The Company does not evaluate the operating results by type of vessel or by type of charter or by type of cargo. Although operating results may be identified by type of vessel, management, including the chief operating decision maker, reviews operating results primarily by revenue per day and operating results of the fleet. The Company operates two LNG carriers which meet the quantitative thresholds used to determine reportable segments. The chief operating decision maker does not review the operating results of these vessels separately or make any decisions about resources to be allocated to these vessels or assess their performance separately; therefore, the LNG carriers do not constitute a separate reportable segment. The Company's vessels operate on many trade routes throughout the world and, therefore, the provision of geographic information is considered impracticable by management. For the above reasons, the Company has determined that it operates in one reportable segment, the worldwide maritime transportation of liquid energy related products.

**(p) Derivative Financial Instruments:** The Company regularly enters into interest rate swap contracts to manage its exposure to fluctuations of interest rates associated with its specific borrowings. Also, the Company enters into bunker swap contracts and put or call options to manage its exposure to fluctuations of bunker prices associated with the consumption of bunkers by its vessels. Interest rate and bunker price differentials paid or received under the swap agreements are recognized as part of Interest and finance costs, net. On the inception of a put or call option on bunkers an asset or liability is recognized. The subsequent changes in its fair value and realized payments or receipts upon exercise of the options are recognized in the consolidated statement of comprehensive income (loss) as part of the interest and finance costs, net. All derivatives are recognized in the consolidated financial statements at their fair value. On the inception date of the derivative contract, the Company evaluates the derivative as an accounting hedge of the variability of cash flow to be paid of a forecasted transaction ("cash flow" hedge). Changes in the fair value of a derivative that is qualified, designated and highly effective as a cash flow hedge are recorded in other comprehensive income (loss) until earnings are affected by the forecasted transaction. Changes in the fair value of undesignated derivative instruments and the ineffective portion of designated derivative instruments are reported in earnings in the period in which those fair value changes occur. Realized gains or losses on early termination of undesignated derivative instruments are also classified in earnings in the period of termination of the respective derivative instrument.

The Company formally documents all relationships between hedging instruments and hedged items, as well as the risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives that are designated as cash flow hedges of the variable cash flows of a forecasted transaction to a specific forecasted transaction. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Company discontinues hedge accounting prospectively. In accordance with ASC 815 "Derivatives and Hedging," the Company may prospectively discontinue the hedge accounting for an existing hedge if the applicable criteria are no longer met, the derivative instrument expires, is sold, terminated or exercised or if the Company removes the designation of the respective cash flow hedge. In those circumstances, the net gain or loss remains in accumulated other comprehensive loss and is reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings, unless the forecasted transaction is no longer probable in which case the net gain or loss is reclassified into earnings immediately.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**(g) Fair Value Measurements:** The Company follows the provisions of ASC 820, “Fair Value Measurements and Disclosures” which defines, and provides guidance as to the measurement of fair value. ASC 820 applies when assets or liabilities in the consolidated financial statements are to be measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants (Note 14).

**(r) Going concern:** The Company evaluates whether there is substantial doubt about its ability to continue as a going concern by applying the provisions of ASC 205-40. In more detail, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company’s ability to continue as a going concern within one year from the date the consolidated financial statements are issued. As part of such evaluation, the Company did not identify any conditions that raise substantial doubt about the entity’s ability to continue as a going concern. Accordingly, the Company continues to adopt the going concern basis in preparing its consolidated financial statements.

**(s) Treasury stock:** Treasury stock is stock that is repurchased by the issuing entity, reducing the number of outstanding shares in the open market. When shares are repurchased, they may either be cancelled or held for reissue. If not cancelled, such shares are referred to as treasury stock. Treasury stock is essentially the same as unissued capital and reduces ordinary share capital. The cost of the acquired shares should generally be shown as a deduction from stockholders’ equity. Dividends on such shares held in the entity’s treasury should not be reflected as income and not shown as a reduction in equity. Gains and losses on sales of treasury stock should be accounted for as adjustments to stockholders’ equity and not as part of income. Depending on whether the shares are acquired for reissuance or retirement, treasury stock is accounted for under the cost method or the constructive retirement method. The cost method is also used, when reporting entity management has not made decisions as to whether the reacquired shares will be retired, held indefinitely or reissued. The Company has elected for the repurchase of its common shares to be accounted for under the cost method. Under this method, the treasury stock account is charged for the aggregate cost of shares reacquired.

**(t) Accounting for transactions under common control:** Common control transaction is any transfer of net assets or exchange of equity interests between entities or businesses that are under common control by an ultimate parent or controlling shareholder before and after the transaction. Common control transactions may have characteristics that are similar to business combinations but do not meet the requirements to be accounted for as business combinations because, from the perspective of the ultimate parent or controlling shareholder, there has not been a change in control over the acquiree. Due to the fact common control transactions do not result in a change in control at the ultimate parent or controlling shareholder level, the Company does not account for such transactions at fair value. Rather, common control transactions are accounted for at the carrying amount of the net assets or equity interests transferred.

**(u) Net (Loss) Income Per Share Attributable to Common Stockholders:** The Company computes net (loss) income per share using the two-class method required for participating securities. The two-class method requires income available to common stockholders for the period to be allocated between common shares and participating securities based upon their respective rights to receive dividends as if all income for the period had been distributed.

The Company’s Series G Convertible Preferred Shares (Note 8) are participating securities. Any remaining earnings would be distributed to the holders of common shares and the holders of the Series G Convertible Preferred Shares on a pro-rata basis assuming conversion of all Series G Convertible Preferred Shares into common shares. This participating security does not contractually require the holders of such shares to participate in the Company’s losses. As such, net losses for the periods presented were not allocated to the Company’s participating security.

**New Accounting Pronouncements—Not Yet Adopted**

In January 2021, the FASB issued ASU 2021-01, Reference Rate Reform (Topic 848): Scope. The ASU clarifies that all derivative instruments affected by changes to the interest rates used for discounting, margining or contract price alignment due to reference rate reform are in the scope of ASC 848. As such, entities may apply certain optional expedients in ASC 848 to derivative instruments that do not reference LIBOR, or another rate expected to be discontinued as a result of reference rate reform if there is a change to the interest rate used for discounting, margining or contract price alignment. In addition, the ASU clarifies other aspects of the guidance in ASC 848 and provides new guidance on how to address the effects of the cash compensation adjustment that is provided as part of the above change on, certain aspects of hedge accounting. The ASU is effective for all entities as of January 7, 2021, allows for retrospective or prospective application with certain conditions, and generally can be adopted through December 31, 2022. The Company is currently evaluating the impact this guidance may have on its consolidated financial statements and related disclosures, considering that none of the Company’s floating rate credit facilities, based on the U.S. dollar LIBOR rates, were discontinued as of January 1, 2022. In March 2022, the Company has entered into a loan agreement based on Compounded Reference Rate of the day.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

In May 2021, the FASB issued ASU 2021-04, Earnings Per Share (Topic 260), Debt — Modifications and Extinguishments (Subtopic 470-50), Compensation — Stock Compensation (Topic 718), and Derivatives and Hedging — Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options (a consensus of the FASB Emerging Issues Task Force). The ASU addresses the diversity in practice in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (e.g., warrants) that remain equity classified after modification or exchange. Under the guidance, an issuer determines the accounting for the modification or exchange based on whether the transaction was done to issue equity, to issue or modify debt or for other reasons. The ASU is effective for all entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but entities need to apply the guidance as of the beginning of the fiscal year that includes the interim period in which they choose to early adopt the guidance. The guidance is applied prospectively to all modifications or exchanges that occur on or after the date of adoption. The Company is currently evaluating the impact this guidance may have on its consolidated financial statements and related disclosures.

In July 2021, the FASB issued ASU No. 2021-05 Leases (Topic 842): Lessors-Certain Leases with Variable Lease Payments. The ASU amends the lessor lease classification guidance in ASC 842 for leases that include any amount of variable lease payments that are not based on an index or rate. If such a lease meets the criteria in ASC 842-10-25-2 through 25-3 for classification as either a sales-type or direct financing lease, and application of the sales-type or direct financing lease recognition guidance would result in recognition of a selling loss, then the amendments require the lessor to classify the lease as an operating lease. For public business entities that have adopted ASC 842 as of July 19, 2021, the amendments in ASU 2021-05 are effective for fiscal years beginning after December 15, 2021 and for interim periods within those fiscal years. The Company is currently evaluating the impact this guidance may have on its consolidated financial statements and related disclosures.

## 2. Transactions with Related Parties

**(a) Tsakos Energy Management Limited (the "Management Company"):** The Holding Company has a Management Agreement ("Management Agreement") with the Management Company, a Liberian corporation, to provide overall executive and commercial management of its affairs for a monthly fee, which may be adjusted per the Management Agreement of March 8, 2007, effective from January 1, 2008, at the beginning of each year, in accordance with the terms of the Management Agreement, if both parties agree. In 2021, 2020 and 2019, the monthly fees for operating conventional vessels were \$27.5. Monthly fees for the suezmax *Eurochampion 2004*, the aframax *Maria Princess* and *Sapporo Princess*, the VLCCs *Ulysses*, *Hercules I*, which are managed by a third-party manager, amounted to \$28.0 for 2021 and \$27.7 for 2020 and \$27.5 for 2019. Monthly fees for third-party managed vessels, the handymaxes *Afrodite* and *Ariadne*, amounted to \$27.5. Chartered in vessels or chartered out on a bare-boat basis and for vessels under construction monthly fees are \$20.4, \$35.0 for the DP2 shuttle tankers, while the monthly fees for LNG carriers amounted to \$37.8 for 2021 and \$37.3 for 2020 and \$36.9 for 2019. The Management Company, for services rendered, charged \$20,203, \$20,271 and \$20,147 for the years ended December 31, 2021, 2020 and 2019, respectively. Management fees for vessels are included in the General and Administrative Expenses in the accompanying Consolidated Statements of Comprehensive (Loss) Income.

In addition to the Management fee, the Management Agreement provides for an incentive award to the Management Company, which is at the absolute discretion of the Holding Company's Board of Directors. For the years ended December 31, 2021, 2020 and 2019, an award of \$500, \$1,500 and \$500, respectively, was granted to the Management Company and is included in the General and Administrative expenses in the accompanying Consolidated Statements of Comprehensive (Loss) Income. In addition, a special award of \$1,500 was paid to the Management Company in relation to newbuilding program in 2020 which has been included as an additional newbuilding cost in 2020 in the accompanying consolidated financial statements.

The Holding Company and the Management Company have certain officers and directors in common. The President, who is also the Chief Executive Officer and a Director of the Holding Company, is also the sole stockholder of the Management Company. The Management Company may unilaterally terminate its Management Agreement with the Holding Company at any time upon one year's notice. In addition, if even one director is elected to the Holding Company without the recommendation of the existing Board of Directors, the Holding Company would be obligated to pay the Management Company an amount calculated in accordance with the terms of the Management Agreement. Under the terms of the Management Agreement between the Holding Company and the Management Company, the Holding Company may terminate the Management Agreement only under specific circumstances, without the prior approval of the Holding Company's Board of Directors.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

Estimated future management fees payable over the next ten years under the Management Agreement, exclusive of any incentive awards and based on existing vessels and known vessels scheduled for future delivery as at December 31, 2021, are \$21,185 for 2022, \$20,829 for 2023, \$21,127 for 2024, \$20,667 for 2025, \$20,148 for 2026 and \$85,445 from 2027 to 2031.

Also, under the terms of the Management Agreement, the Management Company provides supervisory services for the construction of new vessels for a monthly fee of \$20.4 in 2021, 2020 and 2019. These fees in total amounted to \$530, \$740 and \$850 for the years ended December 31, 2021, 2020 and 2019, respectively and are either accounted for as part of construction costs for delivered vessels or are included in Advances for vessels under construction. At December 31, 2021, the amount due from the Management Company was \$12 (\$93 due from the Management Company at December 31, 2020).

**(b) Tsakos Columbia Shipmanagement S.A. (“TCM”):** The Management Company appointed TCM to provide technical management to the Company’s vessels from July 1, 2010. TCM is owned jointly and in equal part by related party interests and by a private German Group. TCM, with the consent of the Holding Company, may subcontract all or part of the technical management of any vessel to an alternative unrelated technical manager.

Effective July 1, 2010, the Management Company, at its own expense, pays technical management fees to TCM, and the Company bears and pays directly to TCM most of its operating expenses, including repairs and maintenance, provisioning and crewing of the Company’s vessels, as well as certain charges which are capitalized or deferred, including reimbursement of the costs of TCM personnel sent overseas to supervise repairs and perform inspections on the Company’s vessels. TCM for services rendered charged \$2,186, \$1,327 and \$2,038 for the years ended December 31, 2021, 2020 and 2019, respectively.

At December 31, 2021, the amount due from TCM was \$14,595 (\$20,693 at December 31, 2020), relating to vessel operating expenses to be incurred in the following month.

TCM has a 25% share in a manning agency, located in the Philippines, named TCM Tsakos Maritime Philippines (TMPI), which provides crew to certain of the Company’s vessels. The Company has no control or ownership directly in TCM Tsakos Maritime Philippines, nor had any direct transactions to date with the agency.

**(c) Tsakos Shipping and Trading S.A. (“Tsakos Shipping”):** Tsakos Shipping provides chartering services for the Company’s vessels by communicating with third party brokers to solicit research and propose charters. For this service, the Company pays Tsakos Shipping a chartering commission of approximately 1.25% on all freights, hires and demurrages. Such commissions are included in Voyage expenses in the accompanying Consolidated Statements of Comprehensive (Loss) Income. Tsakos Shipping also provides sale and purchase of vessels brokerage service. In 2021 and 2020, Tsakos Shipping charged a brokerage commission of \$0.1 million and \$0.2 million, respectively representing 1.0% of the sale price of each vessel, the panamax tanker *Maya*, the suezmax tanker *Silia T.* and the handysize tanker *Didimon*. In 2019 there were no such sale and purchase charges. Tsakos Shipping may also charge a fee of \$200 (or such other sum as may be agreed) on delivery of each newbuilding vessel in payment for the cost of design and supervision of the newbuilding by Tsakos Shipping. In 2020, \$1.0 million in aggregate was charged for supervision fees on four vessels which were delivered in the fourth quarter of 2019 and throughout 2020. In 2021 and 2019, no such fee was charged. All commissions are paid in the ordinary course of the Company’s business and at terms standard to industry practice.

Certain members of the Tsakos family are involved in the decision-making processes of Tsakos Shipping and of the Management Company and are also shareholders of the Holding Company.

Tsakos Shipping for services rendered charged \$6,821, \$8,060 and \$7,405 for the years ended December 31, 2021, 2020 and 2019, respectively. At December 31, 2021, the amount due to Tsakos Shipping was \$1,439 (\$1,376 at December 31, 2020). At December 31, 2021, an amount of \$338 (\$317 at December 31, 2020) is also due to Tsakos Shipping, included in accrued liabilities, which relates to services rendered but not yet invoiced.

**(d) Argosy Insurance Company Limited (“Argosy”):** The Company places its hull and machinery insurance, increased value insurance, war risk insurance and certain other insurance through Argosy, a captive insurance company affiliated with Tsakos Shipping. Argosy, for services rendered, charged \$10,002, \$9,480 and \$9,519 for the years ended December 31, 2021, 2020 and 2019, respectively. At December 31, 2021, the amount due to Argosy was \$5,805 (\$2,190 at December 31, 2020). At December 31, 2021, an amount of \$1 (\$1 at December 31, 2020) is also due to Argosy, included in accrued liabilities, which relates to services rendered but not yet invoiced.

**(e) AirMania Travel S.A. (“AirMania”):** Apart from third-party agents, the Company also uses an affiliated company, AirMania, for travel services. AirMania, for services rendered, charged \$5,098, \$4,380, and \$5,617 for the years ended December 31, 2021, 2020 and 2019, respectively.

At December 31, 2021, the amount due to AirMania was \$503 (\$437 at December 31, 2020).

### 3. Long-term Investments

At December 31, 2021 and 2020, the Company held 125,000 common shares at a total cost of \$1,000 in a private U.S. company which undertakes research into synthetic genomic processes which may have a beneficial environmental impact within the energy and maritime industries. Management performed a qualitative assessment considering impairment indicators and evaluated that the investment was fully impaired in 2019. The impairment charge of \$1,000 is included in “Impairment Charges” in the accompanying 2019 Consolidated Statements of Comprehensive (Loss) Income. No income was received from this investment during 2021, 2020 and 2019.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**4. Vessels****Acquisitions**

In 2021, there were no vessel acquisitions.

On January 7, 2020, September 21, 2020 and November 10, 2020, the Company took delivery of the newbuilding Aframax tanker, *Caribbean Voyager* and the Suezmax tankers, *Apollo Voyager* and *Artemis Voyager*, respectively, for an aggregate cost of \$197,845. On October 21, 2019, the Company took delivery of its newbuilding Aframax tanker *Mediterranean Voyager* for \$51,980.

**Sales**

In 2021, the Company sold its Panamax tanker *Maya*, for net proceeds of \$9,336, realizing a loss of \$4,121. In 2020, the Company sold its Suezmax tanker, *Silia T* (previously classified as held for sale), its handysize vessel, *Didimon*, and its Aframax tanker *Sakura Princess*, for net proceeds of \$93,627 in total, realizing a total net loss of \$6,451. There were no vessel sales in 2019. The net losses from the sale of the vessels are separately reflected in the accompanying Consolidated Statements of Comprehensive (Loss) Income.

**Sale and Leaseback**

On December 21, 2017, the Company commenced a five-year sale and leaseback agreement for each of the two Suezmaxes, *Eurochampion 2004* and *Euronike*. The agreed net sale price was \$65,200. Under these leaseback agreements, there is a seller's credit of \$13,000 on the sales price that becomes immediately payable to the Company by the owners at the end of the five-year charter or upon sale of the vessels during the charter period. As of December 31, 2021, the Company has classified the seller's credit, as short-term receivable amounting to \$12,741, which is due to be received on December 21, 2022, upon expiration of the lease term. In accordance with ASC 842 and the package of practical expedients, the Company continues to account for the transaction as an operating lease.

On January 9, 2020, the Company commenced a new five-year sale and leaseback agreement for each of the two Suezmaxes, *Archangel* and *Alaska*. The agreed net sale price was \$61,070. Under these leaseback agreements, there is a seller's credit of \$11,800 on the sales price that becomes immediately payable to the Company by the owners at the end of the five-year charter or upon sale of the vessels during the charter period. As of December 31, 2021, the Company has classified the seller's credit, as long-term receivable amounting to \$10,909. In accordance with ASC 842 and the package of practical expedients, the Company accounts for the transaction as an operating lease.

On December 21, 2020, the Company commenced a new five-year sale and leaseback agreement for the Aframax, *Sakura Princess*. The agreed net sale price was \$24,527. Under this leaseback agreement, there is a seller's credit of \$4,425 on the sales price that becomes immediately payable to the Company by the owners at the end of the five-year charter or upon sale of the vessel during the charter period. As of December 31, 2021, the Company has classified the seller's credit, as long-term receivable amounting to \$4,222. In accordance with ASC 842 and the package of practical expedients, the Company accounts for the transaction as an operating lease. Upon execution of the sale and leaseback of the Aframax tanker, *Sakura Princess*, the Company recognized a financial liability amounting to \$5,148, being the difference between the sale price of the asset and its fair value, as per ASC 842-40.

On June 21, 2021, the Company commenced a new five-year sale and leaseback agreement for each of the two Suezmaxes, *Arctic* and *Antarctic*. The agreed net sale price was \$52,304. Under these leaseback agreements, there is a seller's credit of \$8,415 on the sales price that becomes immediately payable to the Company by the owners at the end of the five-year charter or upon sale of the vessel during the charter period. As of December 31, 2021, the Company has classified the seller's credit, as long-term receivable amounting to \$8,032. In accordance with ASC 842 and the package of practical expedients, the Company accounts for the transaction as an operating lease. The sale resulted in a loss of \$1,696 in aggregate for both Suezmaxes, which is included in Loss on sale of vessels in the accompanying Consolidated Statement of Comprehensive (Loss) Income.

At December 31, 2021 and 2020, the Company has assessed the recoverability of the seller's credits, considering the impairment indicators present, resulting in no impairment charge.

As at December 31, 2021, the Company recognized on its consolidated balance sheet a right-of-use asset of \$42,440 for the two Suezmaxes *Arctic* and *Antarctic*, \$11,333 for the Aframax tanker *Sakura Princess*, \$27,371 for the two Suezmaxes *Archangel* and *Alaska* and \$7,429 for the two Suezmaxes, *Eurochampion 2004* and *Euronike*, respectively, equal to the corresponding obligation under operating leases based on the present value of the future minimum lease payments, for each of the five right-of-use assets, respectively. The Company has not incurred any initial direct costs for the sale and leaseback transactions and has not performed any payments prior to the commencement date of the contracts. The leaseback agreements include option periods, which are not recognized as part of the right-of-use asset and the obligation under operating leases.

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

The incremental borrowing rate used to determine the obligations under operating leases was 5.45% for the sale and leaseback agreement for each of the two suezmaxes, *Eurochampion 2004* and *Euronike*, 4.41% for the sale and leaseback agreement for each of the two suezmaxes, *Archangel* and *Alaska*, 3.15% for the sale and leaseback agreement of the aframax, *Sakura Princess* and 2.06% for the sale and leaseback agreement for each of the two suezmaxes *Arctic* and *Antarctic* and the respective weighted average remaining lease term was 0.97, 3.02, 3.97 and 4.49 years, respectively, as at December 31, 2021 and 1.97, 4.02 and 4.97 years, respectively, as at December 31, 2020. As at December 31, 2021 and 2020, both the right-of use asset and the corresponding obligation under operating leases were \$88,573 (current portion \$29,749 and non-current portion \$58,824) and \$67,110 (current portion \$20,976 and non-current portion \$46,134), respectively. The financial liability recognized for aframax *Sakura Princess* was \$4,193 (current portion \$997 and non-current portion \$3,196) as of December 31, 2021, and \$5,148 (current portion \$905 and non-current portion \$4,243) as of December 31, 2020.

Year	Lease Commitment
2022	\$ 34,892
2023	25,922
2024	25,958
2025	15,332
2026	4,992
<b>Minimum net lease payments</b>	<b>\$ 107,096</b>
Less: Present value discount	(14,330)
<b>Total Obligations under operating leases and financial liability (current and non-current portion)</b>	<b>\$ 92,766</b>

The Company has subleased all seven vessels and has recognized sublease revenue, net of voyage expenses of \$16,202, \$29,355 and \$15,408 for the years ended December 31, 2021, 2020 and 2019, respectively.

**Impairment**

As of December 31, 2021, the Company reviewed the carrying amount including any unamortized dry-docking costs in connection with the estimated recoverable amount and the probability of sale for each of its vessels and vessels under construction. This review indicated that such carrying amount was not fully recoverable for seven of the Company's vessels *Aris*, *Ajax*, *Afrodite*, *Apollon*, *Artemis*, *Ariadne*, and *Proteas*. Consequently, the carrying value plus any unamortized dry-docking costs of the seven vessels aggregating to \$172,118 was written down to \$85,750 based on the lower of the carrying amounts including any unamortized dry-docking costs and Level 2 inputs of the fair value hierarchy, as determined by management taking into consideration valuations from independent marine valuers (Note 14(c)). The resulting impairment charge was \$86,368 (including \$8,683 impairment of deferred charges (Note 5)). In 2020, there was an impairment charge of \$28,776 relating to *Arctic*, *Antarctic*, *Izumo Princess* and *Sakura Princess*. In 2019, there was an impairment charge of \$27,613 relating to *Amphitrite*, *Arion*, *Andromeda*, *Aegeas*, *Izumo Princess*, *Archangel* and *Alaska*. Impairment charges are separately reflected in the accompanying Consolidated Statements of Comprehensive (Loss) Income.

**NOTES TO CONSOLIDATED FINANCIAL**

**STATEMENTS DECEMBER 31, 2021, 2020 AND 2019**

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**5. Deferred Charges and leasehold improvements**

Deferred charges, consisting of dry-docking and special survey costs, net of accumulated amortization, amounted to \$27,344 and \$27,021 at December 31, 2021 and 2020, respectively. Leasehold improvements for the six suezmaxes *Eurochampion 2004*, *Euronike*, *Archangel*, *Alaska* and *Arctic* amounted to \$6,953 at December 31, 2021 (\$5,234 at December 31, 2020). Amortization of deferred dry-docking costs and of leasehold improvements is included in Depreciation and amortization in the accompanying Consolidated Statements of Comprehensive (Loss) Income.

**6. Long –Term Debt**

<b>Facility</b>	<b>2021</b>	<b>2020</b>
Loans	1,380,648	1,509,794
Less: Deferred finance costs, net	(7,461)	(9,437)
<b>Total long-term debt</b>	<b>1,373,187</b>	<b>1,500,357</b>
Less: Current portion of debt	(175,062)	(235,082)
Add: Deferred finance costs, current portion	2,126	2,654
<b>Long-term debt, net of current portion and deferred finance costs</b>	<b>1,200,251</b>	<b>1,267,929</b>

Loan balances outstanding at December 31, 2021, amounted to \$1,380,648. These bank loans are payable in U.S. Dollars in semi-annual installments with balloon payments mainly due at maturity between January 2022 and November 2030. Interest rates on the outstanding loans as at December 31, 2021, are based on London interbank offered rate (“LIBOR”) plus a spread.

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

On January 15, 2021, the Company signed a new five-year and three-months loan agreement amounting to \$44,500 to refinance the existing loan for the aframax tankers *Maria Princess*, *Nippon Princess*, and *Ise Princess*. On January 22, 2021, the Company drew down \$44,500 and prepaid the total amount of \$36,488. The new loan is repayable in ten semi-annual installments of \$4,045.5, commencing three months after the drawdown date plus a last installment of \$4,045.

On May 13, 2021, the Company signed a new seven-year loan agreement for \$74,500 relating to the pre- and post delivery financing of the shuttle tanker under construction. The loan is repayable in fourteen semi-annual installments of \$2,069 commencing six months after the delivery of the vessel, plus a balloon of \$45,528 payable together with the last installment.

On May 19, 2021, the Company prepaid the amount of \$4,951 to the lenders due to sale of its panamax tanker *Maya*.

On June 25, 2021, the Company prepaid the amount of \$27,336 to the lenders due to sale of the two suezmax tankers, *Arctic* and *Antarctic*.

On July 8, 2021, the Company signed a new five-year loan agreement amounting to \$26,000 to refinance the existing loan for the panamax tanker *Sunray*. On July 13, 2021, the Company drew down the amount of \$26,000 and prepaid the amount of \$26,393. The new loan is repayable in ten semi-annual installments of \$1,000, commencing six months after the drawdown date, plus a balloon of \$16,000 payable together with the last installment.

On September 27, 2021, the Company signed a new four-year loan agreement amounting to \$48,750 to refinance the existing loan for the handymax tankers, *Artemis*, *Afrodite*, *Ariadne*, *Aris*, *Apollon* and *Ajax*. On September 28, 2021, the Company drew down the amount of \$48,750 and prepaid the amount of \$30,370. The new loan is repayable in eight semi-annual installments of \$3,500, commencing six months after the drawdown date, plus a balloon of \$20,750 payable together with the last installment.

On December 21, 2021, the Company signed a new four-year loan agreement amounting to \$38,000 to refinance the existing loan for the aframax tankers, *Proteas*, *Promitheas* and *Propontis*. On December 22, 2021, the Company drew down the amount of \$38,000 and prepaid the amount of \$27,333. The new loan is repayable in two semi-annual instalments of \$1,750 and six semi-annual installments of \$2,750, commencing six months after the drawdown date, plus a balloon of \$18,000 payable together with the last installment.

On December 21, 2021, the Company entered into a new ten-year sale and leaseback agreement for its under-construction LNG carrier, *Tenergy*. On January 12, 2022, the Company drew down the amount of \$177,238 and prepaid vessel's existing indebtedness of \$27,750. The new financing arrangement is repayable in forty quarterly installments of \$2,332, commencing three months after the drawdown date, plus a put option of \$83,955 payable together with the last installment.

On March 16, 2022, the Company signed a new five-year loan agreement amounting to \$62,000 to refinance the existing loan for the suezmax tankers, *Dimitris P* and *Spyros K* and the aframax tanker, *Uraga Princess*. On March 17, 2022, the Company drew down the amount of \$62,000 and prepaid the amount of \$47,730. The new loan is repayable in ten semi-annual installments of \$2,750, commencing six months after the drawdown date, plus a balloon of \$34,500 payable together with the last installment.

On March 31, 2022, the Company signed a new six-year loan agreement amounting to \$67,500 to refinance the existing loan for the DP2 shuttle tanker, *Brasil 2014*. On April 4, 2022, the Company drew down the amount of \$67,500 and prepaid the amount of \$54,117. The new loan is repayable in twelve semi-annual installments of \$4,500, commencing six months after the drawdown date, plus a balloon of \$13,500 payable together with the last installment.

According to the debt extinguishment guidance of ASC 470-50 "Debt Modifications and Extinguishments", the Company expenses any unamortized deferred financing costs on its prepaid loans (Note 7).

At December 31, 2021, interest rates on the term bank loans ranged from 1.55% to 3.12%.

The weighted-average interest rates on all executed loans for the applicable periods were:

Year ended December 31, 2021	2.02%
Year ended December 31, 2020	2.88%
Year ended December 31, 2019	4.41%

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

Loan movements throughout 2021:

Loan	Origination Date	Original Amount	Balance at January 1, 2021	New Loans	Prepaid	Repaid	Balance at December 31, 2021
8-year term loan	2011	73,600	60,860	—	—	6,407	54,453
6-year term loan	2014	193,239	30,921	—	—	2,474	28,447
8-year term loan	2014	39,954	37,500	—	—	2,589	34,911
5-year term loan	2015	35,190	27,370	—	26,393	977	—
7-year term loan	2015	35,190	26,393	—	—	2,200	24,193
7-year term loan	2015	39,900	21,764	—	—	3,628	18,136
7-year term loan	2015	44,800	30,400	—	—	3,200	27,200
12-year term loan	2016	309,824	209,430	—	—	21,501	187,929
7 1/2-year term loan	2017	85,000	68,000	—	—	5,667	62,333
6-year term loan	2018	80,000	61,275	—	—	7,158	54,117
5-year term loan	2018	180,000	104,770	—	85,039	19,731	—
5-year term loan	2018	44,000	24,383	—	—	2,700	21,683
5-year term loan	2018	48,650	36,488	—	36,488	—	—
8-year term loan	2018	82,752	79,304	—	—	4,597	74,707
5-year term loan	2018	62,500	53,500	—	—	6,000	47,500
6-year term loan	2019	88,150	60,804	—	—	8,716	52,088
5-year term loan	2019	38,250	30,682	—	4,951	5,718	20,013
4-year term loan	2019	26,000	20,800	—	—	5,200	15,600
7-year term loan	2019	56,352	56,352	—	—	2,818	53,534
10-year term loan	2019	54,387	54,191	—	—	3,011	51,180
7-year term loan	2019	72,000	67,200	—	—	4,800	62,400
5-year term loan	2019	71,036	64,613	—	—	5,082	59,531
5-year term loan	2019	36,000	33,600	—	—	2,400	31,200
5-year term loan	2019	35,000	31,818	—	—	3,182	28,636
5-year term loan	2020	16,800	15,015	—	—	2,730	12,285
2-year term loan	2020	27,750	13,875	13,875	—	—	27,750
5-year term loan	2020	70,000	67,305	—	—	11,217	56,088
5-year term loan	2020	40,000	38,556	—	—	2,487	36,069
6-year term loan	2020	37,500	37,125	—	—	2,652	34,473
5-year term loan	2020	47,000	45,500	—	—	9,100	36,400
5-year term loan	2021	44,500	—	44,500	—	8,091	36,409
5-year term loan	2021	26,000	—	26,000	—	—	26,000
4-year term loan	2021	38,000	—	38,000	—	—	38,000
4-year term loan	2021	48,750	—	48,750	—	—	48,750
7-year term loan	2021	74,500	—	18,633	—	—	18,633
Total			1,509,794	189,758	152,871	166,033	1,380,648

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

The above term bank loans are secured by first priority mortgages on all vessels owned by the Company's subsidiaries, by assignments of earnings and insurances of the respectively mortgaged vessels, and by corporate guarantees of the relevant ship-owning subsidiaries and in certain cases of the Holding Company as well.

The loan agreements include, among other covenants, covenants requiring the Company to obtain the lenders' prior consent in order to incur or issue any financial indebtedness, additional borrowings, pay dividends provided no event of default has occurred, sell vessels and assets, and change the beneficial ownership or management of the vessels. Also, the covenants require the Company to maintain a minimum liquidity, not legally restricted, of \$105,768 at December 31, 2021 and \$111,969 at December 31, 2020, a minimum consolidated leverage ratio, a minimum hull value in connection with the vessels' outstanding loans and insurance coverage of the vessels against all customary risks. Three loan agreements require the Company to maintain throughout the security period, an aggregate balance in a deposit account of \$3,100. One loan agreement requires a monthly pro rata transfer to retention account of any principal due but unpaid.

As at December 31, 2021, the Company and its subsidiaries had thirty-two loan agreements, totaling \$1,380,648. The Company fulfilled its requirements in respect of the financial covenants of all of its loan agreements, as at December 31, 2021.

The Company's liquidity requirements relate primarily to servicing its debt, funding the equity portion of investments in vessels under construction and funding expected capital expenditures and working capital.

The annual principal payments, including balloon payments on loan maturity, required to be made after December 31, 2021, are as follows:

Year	Amount
2022	175,062
2023	242,995
2024	283,014
2025	262,130
2026	199,780
2027 and thereafter	217,667
<b>Total</b>	<b>1,380,648</b>

7. Interest and Finance Costs, net

	2021	2020	2019
Interest expense	39,131	50,611	69,980
Less: Interest capitalized	(718)	(996)	(1,018)
Interest expense, net	38,413	49,615	68,962
Bunker swap, put and call options cash settlements	(448)	7,568	1,469
Bunker put options premium	(35)	1,246	—
Amortization of deferred finance costs	3,246	3,782	4,822
Bank charges	164	277	240
Discount of long-term receivables	603	2,435	—
Change in fair value of non-hedging financial instruments	(10,536)	5,656	(770)
<b>Net total</b>	<b>31,407</b>	<b>70,579</b>	<b>74,723</b>

At December 31, 2021, the Company was committed to eleven floating-to-fixed interest rate swaps with major financial institutions covering notional amounts aggregating to \$503,834, maturing from April 2023 through October 2027, on which it pays fixed rates averaging 1.87% and receives floating rates based on the six-month LIBOR (Note 14).

The interest rate swap agreements are designated and qualified as cash flow hedges, to hedge its exposure to interest rate fluctuations associated with its debt covering notional amounts.

The fair values of such financial instruments as of December 31, 2021 and 2020, in aggregate amounted to \$16,151 (negative) and \$36,183 (negative), respectively. The net amount of cash flow hedge losses at December 31, 2021, that is expected to be reclassified into earnings within the next twelve months is \$6,380.

At December 31, 2021 and December 31, 2020, the Company did not have non-hedging interest rate swaps.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

As of December 31, 2021, and 2020, the Company held zero and three put option agreements, respectively, to hedge its exposure to bunker price fluctuations associated with the consumption of bunkers by its vessels. During 2020, the Company entered into six put option agreements and paid a net premium of \$1,246. During 2021, the Company sold all put option agreements and received \$35. The fair values of those put option agreements as of December 31, 2021 and 2020 amounted \$ zero and \$207 (positive), respectively. The changes in the fair value during 2021 and 2020 amounting to \$(208) (negative) and \$207 (positive), respectively, have been included in Change in fair value of non-hedging financial instruments in the above table.

At December 31, 2019, the Company held one call option agreement in order to hedge its exposure to bunker price fluctuations associated with the consumption of bunkers by its vessels which expired at December 31, 2020. The value of the call option at December 31, 2019 was \$147 (positive). The changes in the fair value during 2020 and 2019 amounting to \$(146) (negative) and \$(203) (negative), respectively, have been included in Change in fair value of non-hedging financial instruments in the above table.

During 2021 and 2020, the Company held twelve and eighteen bunker swap agreements, respectively, in order to hedge its exposure to bunker price fluctuations associated with the consumptions of bunkers by its vessels. The fair value of bunker swap agreements at December 31, 2021 and 2020 was \$1,989 (positive) and \$(8,755) (negative), respectively. The change in the fair values as of December 31, 2021 and December 31, 2020, was \$10,744 (positive) and \$(5,904) (negative), respectively.

During 2021, 2020 and 2019, the Company has written-off unamortized deferred finance costs of \$460, \$766, and \$1,278, respectively, according to debt extinguishment guidance of ASC 470-50, included in Amortization of deferred finance costs in the above table.

During 2021 and 2020, the Company recognized a discount on its lease liability (Note 4) amounting to \$603 and \$2,435, respectively. No discount was recognized in 2019.

#### 8. Stockholders' Equity

On May 5, 2021, the Board of Directors of the Company authorized the issuance and sale of up to \$50,000 of the Company's Common Shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares. On October 29, 2021, the Company announced the Board's authorization of the issuance and sale up to an additional \$100,000 of Common Shares, Series D Preferred Shares, Series E Preferred Shares and Series F Preferred Shares.

In 2021, the Company issued 6,049,498 common shares for net proceeds of \$50,538. In 2020, the Company issued 172,227 common shares for net proceeds of \$3,461. In 2019, the Company issued 911,459 common shares for net proceeds of \$16,552.

In 2021, the Company issued 92,093 Series D Preferred Shares, 143,708 Series E Preferred Shares and 741,259 Series F Preferred Shares for net proceeds of \$2,240, \$3,501, and \$18,000, respectively.

On March 24, 2020, the Company announced that its Board of Directors had authorized a share repurchase program for its common and/or its preferred shares of up to \$50,000. Shares may be purchased from time to time in open market or privately negotiated transactions, which may include derivative transactions, at times and prices that are considered to be appropriate by the Company and the program may be discontinued at any time.

In 2021 and 2020, the Company acquired and held as treasury stock, 19,836 and 978,936 common shares for a total amount of \$168 and \$9,834, respectively, and did not purchase any preferred shares. No common or preferred share repurchases were made by the Company in 2019. In 2021, the Company sold 320,599 shares from its treasury stock for net proceeds of \$3,211 resulting in a loss of \$273 included in the consolidated statement of stockholders' equity.

On June 22, 2020, the Company announced a one-for-five (1-for-5) reverse stock split of the Company's common shares which was approved by its shareholders at the annual meeting on May 28, 2020. The reverse split became effective on July 1, 2020. The par value of each common share was adjusted from \$1.00 per common share to \$5.00 per common share. The reverse share split affected all common shares and reduced the number of authorized common shares from 175,000,000 to 35,000,000 and the number of outstanding common shares of the Company from 94,005,410 to 18,801,108 as of July 1, 2020. No fractional shares were issued in connection with the reverse split. All share and per share amounts disclosed in the consolidated financial statements and notes give effect to this reverse stock split retroactively, for all periods presented.

On October 30, 2020, the Company redeemed all of its 2,000,000 Series C Preferred Shares, with a liquidation preference of \$25.00 per share along with the payment of a final dividend of \$0.5547 per share, declared on September 30, 2020. The difference between the carrying value and the fair value of the Series C Preferred Shares, amounting to \$2,493, was recognized as a reduction of retained earnings as a deemed dividend, and has been considered in the calculations of Loss per Common Share in 2020 (Note 10).

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

On July 30, 2019, the Company redeemed all of its 2,000,000 Series B Preferred Shares, with a liquidation preference of \$25.00 per share along with the payment of a final dividend of \$0.50 per share, declared on June 28, 2019. The difference between the carrying value and the fair value of the Series B Preferred Shares, amounting to \$2,750, was recognized as a reduction of retained earnings as a deemed dividend, and has been considered in the calculations of Loss per Common Share in 2019 (Note 10).

In September 2019, the Company entered into a share purchase agreement for the private placement of 3,500,000 Series G Redeemable Convertible Perpetual Preferred Shares, par value \$1.00 per share and liquidation preference \$10.00 per share (the "Series G Convertible Preferred Shares"), at a purchase price of \$10.00 per share, raising \$33,984, net of structuring fee and other expenses. The Series G Convertible Preferred Shares have a stated coupon rate of 0%, subject to adjustment in the event of a cross-default or failure to redeem on any redemption date and participate on an as-converted basis in dividends declared and paid on the Company's common shares.

The Series G Convertible Preferred Shares are convertible at any time, at the option of the holder, at a conversion price of \$15.00 per share, representing a conversion rate of two-thirds of a common share per Series G Convertible Preferred Share. All or a portion of the Series G Convertible Preferred Shares will automatically convert into common shares at the conversion rate if the trading price of the Company's common shares exceed certain levels between 130% and 170% of the conversion price. The holders, however, will be prohibited from converting the Series G Convertible Preferred Shares into common shares to the extent that, as a result of such conversion, the holder would own more than 9.99% of the total number common shares then issued and outstanding, unless a 61-day notice is delivered to the Company.

The conversion price is subject to customary anti-dilution and other adjustments relating to the issuance of common shares as a dividend or the subdivision, combination, or reclassification of common shares into a greater or lesser number of common shares. The Company could have also redeemed in full or in part the Series G Convertible Preferred Shares prior to September 1, 2020, for cash, at the as-converted value of the Series G Convertible Preferred Shares, if the trading price of the common shares exceeds certain levels. The Company did not exercise the redemption option as of December 31, 2021.

The Series G Convertible Preferred Shares did not generate a beneficial conversion feature (BCF) upon issuance as the fair value of the Company's common shares was lower than the conversion price. The Series G Convertible Preferred Shares did not meet the criteria for mandatorily redeemable financial instruments. Additionally, the Company determined that the nature of the Series G Convertible Preferred Shares was more akin to an equity instrument and that the economic characteristics and risks of the embedded conversion options were clearly and closely related to the Series G Convertible Preferred Shares. As such, the conversion options were not required to be bifurcated from the equity host under ASC 815, Derivatives and Hedging. The Company also determined that the redemption call option did meet the definition of a derivative, but that the value of the derivative was zero due to the expectations under which the call option would be exercised. On September 1, 2020, the redemption call option expired unexercised.

On December 23, 2019 and January 15, 2020, 875,000 and 10,000 Series G Convertible Preferred Shares converted into 583,333 and 6,667 common shares, respectively.

The holders of the Series G Convertible Preferred Shares generally do not have voting rights. However, without the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series G Convertible Preferred Shares, voting as a single class, the Company may not adopt any amendment to its memorandum of association or bye-laws that materially or adversely alters or affects the preferences, powers or rights of the Series G Convertible Preferred Shares in any respect or any amendment to the Series G Convertible Preferred Shares Certificate of Designations. The Series G Convertible Preferred Shares rank *pari passu* with the Company's other outstanding series of preferred shares and senior to the Company's common shares with respect to dividend distributions and distributions upon any liquidation event.

On February 1, 2021 (the "Initial Redemption Date") and August 2, 2021, the Company redeemed 1,798,651 and 357,063 Series G Convertible Preferred Shares in exchange for 1,900,000 and 388,841 Series B Cumulative Redeemable Perpetual Preferred Shares of Shyris Shipping Company S.A. ("Shyris Shipping"), respectively a wholly owned subsidiary of the Company, par value \$0.001 per share, each with a liquidation preference of \$10.00 per share representing the full mandatory redemption price of \$10.56 and \$10.89, respectively, per Series G Convertible Preferred Share (\$19,000,000 and \$3,888,416 in the aggregate, respectively) payable for the number of Series G Convertible Preferred Shares. The difference between the carrying value of the redeemed Series G Convertible Preferred shares and the fair value of the Shyris Shipping Company Preferred Shares, amounting to \$2,171, in total, was recognized as a deemed dividend to the holders of the Series G Convertible Preferred Shares, and has been considered in the calculation of Loss per Common Share in 2021 (Note 10).

The redemption price at which the Series G Convertible Preferred Shares exchanged was the higher of 95% of the as-converted value of the Series G Convertible Preferred Shares, based on a six-month volume weighted average price ("VWAP") of the Company's common shares, or a price providing for a return of 7.75% per annum on an actual/360-day basis on the Series G Convertible Preferred Shares, taking into account all dividends actually received on the Series G Convertible Preferred Shares. If certain limitations intended to ensure Shyris Shipping's compliance with Section 883 of the U.S. Internal Revenue Code of 1986, as amended, cease to apply prior to the fifth anniversary of the Series G Closing Date, some or all of the Series G Convertible Preferred Shares that remain outstanding as of that date will be mandatorily redeemed for Shyris Shipping Preferred Shares or to the extent the aggregate mandatory redemption price of such Series G Convertible Preferred Shares, together with all Series G Convertible Preferred Shares previously redeemed for Shyris Shipping Preferred Shares, exceeds \$35,000, converted into

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

common shares at the conversion rate (unless the Company elects to redeem such Series G Convertible Preferred Shares for cash). After the fifth anniversary of the share purchase agreement, any Series G Convertible Preferred Shares will automatically convert into the Company's common shares at the conversion rate (unless the Company elects to redeem such Series G Convertible Preferred Shares for cash) or be redeemed for Shyris Shipping Preferred Shares. The Series G Convertible Preferred shareholders will also have the right to require the Company to redeem the Series G Convertible Preferred Shares for cash, in the event of non-compliance with certain requirements relating to Shyris Shipping. The Company had 459,286 Series G Redeemable Convertible Perpetual Preferred shares outstanding as of December 31, 2021.

The Series B Cumulative Redeemable Perpetual Preferred Shares of Shyris Shipping (the "Shyris Shipping Preferred Shares") are entitled to receive cumulative semi-annual dividends from Shyris Shipping at a rate of 7.50% per annum, payable in arrears on the 1st day of March and September of each year, as, when and if declared by the Shyris Shipping Board of Directors. Shyris Shipping paid dividends on the Shyris Shipping Preferred Shares amounting to \$864 in the period ended December 31, 2021. On March 1, 2022, Shyris Shipping paid dividends on the Shyris Shipping Preferred Shares amounting to \$858 for the period September 1, 2021 to and including February 28, 2022. As long as Shyris Shipping Preferred Shares are outstanding, Shyris Shipping cannot declare or pay dividends to the Company or incur additional indebtedness without the consent of the holder of Shyris Shipping Preferred Shares.

The initial liquidation preference of the Shyris Shipping Preferred Shares is \$10.00 per share, subject to certain customary adjustments. Upon any liquidation or dissolution of Shyris Shipping, holders of Shyris Shipping Preferred Shares will be entitled to receive, on a pro rata basis, the liquidation preference of the Shyris Shipping Preferred Shares, plus an amount equal to accumulated and unpaid dividends ratably with any pari passu securities, after satisfaction of all liabilities to Shyris Shipping creditors, before any distribution is made to or set aside for the holders of junior shares, including the common shares of Shyris Shipping owned by the Company.

The holders of the Shyris Shipping Preferred Shares have no right to vote on matters on which shareholders of the Company are entitled to vote. The holders of the Shyris Shipping Preferred Shares generally do not have any other voting rights, however, in the event that six semi-annual dividends, whether consecutive or not, payable on Shyris Shipping Preferred Shares are in arrears, the holders of Shyris Shipping Preferred Shares, will have the right, voting separately as a class, to elect one member of Shyris Shipping's board of directors and the affirmative vote or consent of the holders of at least two-thirds of the outstanding Shyris Shipping Preferred Shares, voting as a single class, are required for Shyris Shipping to take certain actions.

The Shyris Shipping Preferred Shares are non-convertible and perpetual, and are redeemable by Shyris Shipping, in whole or in part, at redemption prices that decline over time from 112.5% to 100% of the deemed issuance price, plus any accrued and unpaid dividends. The Shyris Shipping Preferred Shares did not meet the criteria for mandatorily redeemable financial instruments and their value of \$19,000 and \$3,889, respectively, upon issuance was included in non-controlling interest in the accompanying Consolidated Balance Sheet as at December 31, 2021 (Note 11). Additionally, the Company determined that the economic characteristics and risks of the embedded redemption features were clearly and closely related to the host contract, apart from the feature discussed below.

If Shyris Shipping, directly or indirectly, sells or otherwise voluntarily disposes of a vessel, including any of the four conventional tankers its wholly-owned subsidiaries currently own, or a stake in any vessel owning company or causes a vessel to be damaged or a charter or management agreement relating to any vessel to be terminated or breached, then all net proceeds (after payment of related expenses and associated debt) received therefrom is required to be used to redeem Shyris Shipping Preferred Shares on a pro rata basis. The Company determined that the redemption feature did meet the definition of a derivative, but the fair value of the instrument is zero due to the expectations under which the feature would be exercised.

On April 15, 2022, Shyris Shipping redeemed 75,000 of the outstanding Shyris Shipping Preferred Shares for an aggregate redemption price of \$757.

#### 9. Accumulated other comprehensive loss

In 2021, Accumulated other comprehensive loss decreased to \$17,175 (increased to \$36,994 in 2020) mainly due to unrealized gains from hedging financial instruments of \$19,819 (losses of \$18,641 and \$9,693 in 2020 and 2019, respectively).

#### 10. Loss per Common Share

The Company calculates basic and diluted net loss per share in conformity with the two-class method required for companies with participating securities. The Company considered all series of redeemable convertible preferred shares to have been participating securities as the holders were entitled to receive non-cumulative dividends on a pari passu basis in the event that a dividend was paid on common shares. Under the two-class method, the net loss attributable to common stockholders is not allocated to the redeemable convertible preferred shares as the holders of redeemable convertible preferred shares do not have a contractual obligation to share in losses.

Under the two-class method, basic net loss per share is calculated by dividing the net loss by the weighted-average number of common shares outstanding during the period. Diluted net loss per share is computed by giving effect to all potentially dilutive common share equivalents outstanding for the period.

**TSAKOS ENERGY NAVIGATION LIMITED AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL**

**STATEMENTS DECEMBER 31, 2021, 2020 AND 2019**

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

The following table sets forth the computation of basic and diluted net loss per share:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Numerator</b>			
Net (loss) income attributable to Tsakos Energy Navigation Limited	\$ (151,401)	\$ 24,002	\$ 15,126
Preferred share dividends, Series B	—	—	(3,000)
Preferred share dividends, Series C	—	(3,328)	(4,438)
Preferred share dividends, Series D	(7,596)	(7,492)	(7,492)
Preferred share dividends, Series E	(10,822)	(10,637)	(10,637)
Preferred share dividends, Series F	(15,131)	(14,250)	(14,250)
Preferred share dividends, convertible Series G	(54)	(872)	(583)
Deemed dividend on Series B preferred shares	—	—	(2,750)
Deemed dividend on Series C preferred shares	—	(2,493)	—
Deemed dividend on partially redeemed Convertible Series G preferred shares	(2,171)	—	—
Net loss attributable to common stockholders	<u>(187,175)</u>	<u>(15,070)</u>	<u>(28,024)</u>
<b>Denominator</b>			
Weighted average common shares outstanding	19,650,307	18,768,599	17,751,585
<b>Basic and diluted loss per common share</b>	<b>\$ (9.53)</b>	<b>\$ (0.80)</b>	<b>\$ (1.58)</b>

For purposes of this calculation, potential redeemable convertible preferred shares of 306,191 and 1,743,607 for the year ended December 31, 2021 and 2020, respectively, are considered common shares equivalents but have been excluded from the calculation of diluted net loss per share as their effect is anti-dilutive. Basic and diluted net loss per share was the same for each period presented.

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**11. Non-controlling Interest in Subsidiaries**

The Company owns 51% of Mare Success S.A., the holding-company of two Panamanian registered companies which own the vessels *Maya* until May 19, 2021, the date of vessel sale and *Inca*, two Liberian registered companies which own the vessels *Selini* and *Salamina* and two Marshall Islands registered companies which own the vessels *Byzantion* and *Bosporos*. 49% of Mare Success S.A. is owned by Polaris Oil Shipping Inc. (“Polaris”), an affiliate of one of the Company’s major charterers, Flopec Petrolera Ecuatoriana (“Flopec”). Mare Success S.A. is fully consolidated in the accompanying consolidated financial statements. There have been no transactions between Polaris and the Company since the incorporation of Mare Success S.A., whereas approximately 7.6% of the Company’s 2021 revenue (8.6% in 2020 and 6.2% in 2019) was generated through charter agreements with Flopec.

In April 2020, Mare Success S.A. increased its paid-in-capital by \$8,163 of which \$4,163 constituted the 51% portion contributed by the Company and the \$4,000 constituted the 49% portion contributed by Polaris. After the recapitalization, the shareholding of Mare Success S.A. remained at 51% owned by the Company and 49% owned by Polaris. The additional paid-in capital was made to finance part of the intragroup sale of vessels, in particular, the handysize tankers, *Byzantion* and *Bosporos*. This transaction did not affect vessels’ carrying values on a consolidated basis.

In June 2019, Mare Success S.A. increased its paid-in capital by \$20,408, of which \$10,408 constituted the 51% portion contributed by the Company and the \$10,000 constituted the 49% portion contributed by Polaris. After the recapitalization, the shareholding of Mare Success S.A. remained at 51% owned by the Company and 49% owned by Polaris. The additional paid-in capital was made to finance part of the intragroup sale of vessels, in particular, the panamax tankers, *Selini* and *Salamina*. This transaction did not affect vessels’ carrying values on a consolidated basis.

The Company owns 100% of Shyris Shipping, the holding-company of four Marshall Islands registered companies which own the vessels *Caribbean Voyager*, *Mediterranean Voyager*, *Apollo Voyager* and *Artemis Voyager*. Upon partial redemption of the Company’s Series G Convertible Preferred Shares in February and August 2021, AY Tank Limited (“AY Tank”) obtained in exchange of such transaction Shyris Shipping preferred stock, consisting of 2,288,841 Series B Cumulative Redeemable Perpetual Preferred Shares as of December 31, 2021, par value \$0.001 per share, each with a liquidation preference of \$10.00 per share, entitled to receive cumulative semi-annual dividends from Shyris Shipping at a rate of 7.50% per annum (Note 8).

**12. Commitments and Contingencies**

As at December 31, 2021, the Company had under construction one shuttle tanker, one LNG carrier and four dual fuel LNG powered aframax tankers.

The total contracted amount remaining to be paid for the six vessels under construction plus the extra costs agreed as at December 31, 2021, were \$480,048. The amount of \$240,515 is due to be paid in 2022 and the amount of \$239,533 in 2023.

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

In the ordinary course of the shipping business, various claims and losses may arise from disputes with charterers, agents and other suppliers relating to the operations of the Company's vessels. Management believes that all such matters are either adequately covered by insurance or are not expected to have a material adverse effect on the Company's results from operations or financial condition.

Brazilian authorities have charged certain shipbrokers with various offenses in connection with charters entered into between a major state oil entity and various international shipowners. In 2020, in parallel with U.S. Department of Justice and U.S. Securities and Exchange Commission investigations regarding whether the circumstances surrounding these charters, including the actions taken by these shipbrokers, constituted non-compliance with provisions of the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) applicable to the Company, the Company began investigating these matters. The Company is always committed to doing business in accordance with anti-corruption laws and is cooperating with these agencies.

**Charters-out**

The future minimum revenues of vessels in operation at December 31, 2021, before reduction for brokerage commissions and assuming no off-hire days, expected to be recognized on non-cancelable time charters are as follows:

Year	Amount
2022	\$ 264,804
2023	195,464
2024	173,747
2025	127,547
2026	105,742
2027 to 2028	133,626
<b>Minimum charter revenues</b>	<b>\$ 1,000,930</b>

## NOTES TO CONSOLIDATED FINANCIAL

## STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

**13. Income Taxes**

Under the laws of the countries of the Company's subsidiaries' incorporation and/or vessels' registration (Greece, Liberia, Marshall Islands, Panama, Bahamas, Cyprus, Malta), the companies are subject to registration and tonnage taxes, which have been included in the Vessel operating expenses.

The Company is not expected to be subject to United States Federal income tax on its gross income from the international operations of ships. In general, foreign persons operating ships to and from the United States are subject to United States Federal income tax of 4% of their United States source gross transportation income, which equals 50% of their gross income from transportation to or from the United States. The Company believes that it is exempt from United States Federal income tax on its United States source gross transportation income, as each vessel-operating subsidiary is organized in a foreign country that grants an equivalent exemption to corporations organized in the United States, and derives income from the international operation of ships and satisfies the stock ownership test as defined by the Internal Revenue Code and related regulations as a result of the Company's stock being primarily and regularly traded on an established securities market in the United States. Under the regulations, a Company's stock is considered to be regularly traded on an established securities market if (i) one or more classes of its stock representing 50% or more of its outstanding shares, by voting power and value, is listed on the market and is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year; and (ii) the aggregate number of shares of stock traded during the taxable year is at least 10% of the average number of shares of the stock outstanding during the taxable year. Other requirements such as the substantiation and reporting requirements under the regulations also must be satisfied to qualify for the exemption from United States Federal income tax.

**14. Financial Instruments**

- (a) **Interest rate risk:** The Company is subject to interest rate risk associated with changing interest rates with respect to its variable interest rate term loans as described in Notes 6 and 7.
- (b) **Concentration of credit risk:** Financial Instruments consist principally of cash, trade accounts receivable, short-term and long-term receivable related to seller's credits under sale and leaseback transactions and derivatives.

The Company places its temporary cash investments, consisting mostly of deposits, primarily with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's investment strategy. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its accounts receivable and does not have any agreements to mitigate credit risk. The Company limits the exposure of non-performance by counterparties to derivative instruments by diversifying among counterparties with high credit ratings and performing periodic evaluations of the relative credit standing of the counterparties.

- (c) **Fair value:** The carrying amounts reflected in the accompanying Consolidated Balance Sheet of cash and cash equivalents, restricted cash, trade accounts receivable, margin deposits, accounts payable, due from(to) related parties and current portion of obligations under operating leases, approximate their respective fair values due to the short maturity of these instruments. The carrying value of the long-term obligations under operating leases approximates their fair value given the difference between the discount rates used to recognize the liabilities in the consolidated balance sheets and the normalized expected market rates of interest is insignificant. The fair value of long-term bank loans with variable interest rates approximate the recorded values, generally due to their variable interest rates. The Company performs relevant enquiries on a periodic basis to assess the recoverability of the long-term receivable related to seller's credits under sale and leaseback transactions and estimates that the amount presented on the accompanying balance sheet approximates the amount that is expected to be received by the Company at the end of the non-cancellable lease period.

NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS DECEMBER 31, 2021, 2020 AND 2019

(Expressed in thousands of U.S. Dollars, except for share and per share data, unless otherwise stated)

The fair values of the interest rate swap agreements and bunker swap agreements discussed in Note 6 above are determined through Level 2 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements and are derived principally from or corroborated by observable market data, interest rates, yield curves and other items that allow value to be determined.

The estimated fair values of the Company's financial instruments, other than derivatives at December 31, 2021 and 2020, are as follows:

	2021		2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets (liabilities)</b>				
Cash and cash equivalents	117,192	117,192	160,475	160,475
Restricted cash	10,005	10,005	11,296	11,296
Margin deposits	5,849	5,849	6,153	6,153
Long-term receivable (including short-term portion)	35,904	35,904	27,294	27,294
Financial liability	(4,193)	(4,193)	(5,148)	(5,148)
Obligations under operating leases	(88,573)	(88,573)	(67,110)	(67,110)
Debt	(1,380,648)	(1,380,648)	(1,509,794)	(1,509,794)

The Company does not offset fair value amounts recognized for derivatives by the right to reclaim cash collateral or the obligation to return cash collateral. The amount of collateral to be posted is defined in the terms of respective master agreement executed with counterparties or exchanges and is required when agreed upon threshold limits are exceeded. As of December 31, 2021, the Company deposited cash collateral related to its derivative instruments under its collateral security arrangements of \$5,849, (\$6,153 as of December 31, 2020), which is recorded within margin deposits in the Consolidated Balance Sheets.

*Tabular Disclosure of Derivatives Location*

Derivatives are recorded in the consolidated balance sheet on a net basis by counterparty when a legal right of set-off exists. The following tables present information with respect to the fair values of derivatives reflected in the consolidated balance sheet on a gross basis by transaction. The tables also present information with respect to gains and losses on derivative positions reflected in the Consolidated Statements of Comprehensive (Loss) Income or in the Consolidated Balance Sheets, as a component of Accumulated other comprehensive loss.

Derivative	Balance Sheet Location	Asset Derivatives		Liability Derivatives	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Fair Value	Fair Value	Fair Value	Fair Value
<b>Derivatives designated as hedging instruments</b>					
Interest rate swaps	Current portion of financial instruments - Fair value	7	—	8,884	11,095
	Financial instruments - Fair Value, net of current portion	1,382	—	8,656	25,088
<b>Subtotal</b>		<b>1,389</b>	<b>—</b>	<b>17,540</b>	<b>36,183</b>

Derivative	Balance Sheet Location	Asset Derivatives		Liability Derivatives	
		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		Fair Value	Fair Value	Fair Value	Fair Value
<b>Derivatives not designated as hedging instruments</b>					
Bunker swaps	Current portion of financial instruments— Fair value	1,845	255	—	3,988
Bunker swaps	Financial instruments— Fair Value, net of current portion	144	—	—	5,023
Bunker put options	Current portion of financial instruments— Fair value	—	387	—	180
Subtotal		1,989	642	—	9,191
<b>Total derivatives</b>		<b>3,378</b>	<b>642</b>	<b>17,540</b>	<b>45,734</b>

**Derivatives designated as Hedging Instruments-Net effect on the Consolidated Statements of Comprehensive (Loss) Income**

Derivative	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss on Derivative (Effective Portion) Location	Amount		
		2021	2020	2019
Interest rate swaps		29,999	(25,054)	(9,938)
<b>Total</b>		<b>29,999</b>	<b>(25,054)</b>	<b>(9,938)</b>

Derivative	Gain (Loss) Recognized in Accumulated Other Comprehensive Loss on Derivative (Effective Portion) Location	Amount		
		2021	2020	2019
Interest rate swaps	Depreciation expense	(192)	(189)	(189)
Interest rate swaps	Interest and finance costs, net	10,372	(6,224)	(56)
<b>Total</b>		<b>10,180</b>	<b>(6,413)</b>	<b>(245)</b>

The accumulated loss from Derivatives designated as Hedging instruments recognized in Accumulated Other Comprehensive (Loss) Income as of December 31, 2021, 2020 and 2019, was \$17,175, \$36,994 and \$18,353 respectively.

**Derivatives not designated as Hedging Instruments – Net effect on the Consolidated Statements of Comprehensive (Loss) Income**

Derivative	Net Realized and Unrealized Gain (Loss) Recognized on Statement of Comprehensive Income (Loss) Location	Amount		
		2021	2020	2019
Interest rate swaps	Interest and finance costs, net	—	187	(149)
Bunker swaps	Interest and finance costs, net	11,191	(14,312)	1,122
Bunker put options	Interest and finance costs, net	(172)	(271)	—
Bunker call options	Interest and finance costs, net	—	(74)	(1,672)
<b>Total</b>		<b>11,019</b>	<b>(14,470)</b>	<b>(699)</b>

The following tables summarize the fair values for assets and liabilities measured on a recurring basis as of December 31, 2021 and 2020, using Level 2 inputs (significant other observable inputs):

Recurring measurements:	December 31,	December 31,
	2021	2020
Interest rate swaps	(16,151)	(36,183)
Bunker swaps	1,989	(8,755)
Bunker put options	—	207
	<u>(14,162)</u>	<u>(44,731)</u>

**15. Subsequent Events**

- a) On January 12, 2022, the Company acquired its newbuilding LNG carrier *Tenergy*, which was delivered to its new owners on a sale and leaseback agreement, on the same date.
- b) On January 14, 2022, the Company paid the first installments for two of its four dual fuel LNG powered aframax tankers under construction (*Hull 5083* and *Hull 5084*), which are expected to be delivered in the fourth quarter of 2023.
- c) On January 31, 2022, the Company paid a dividend of \$0.59375 per share for its 9.50% Series F Preferred Shares.
- d) On February 28, 2022, the Company paid a dividend of \$0.54687 per share for its 8.75% Series D Preferred Shares.
- e) On February 28, 2022 the Company paid a dividend of \$0.57812 per share for its 9.25% Series E Preferred Shares.
- f) On March 3, 2022, the Company drew down \$9,268.5 for the pre-delivery financing of its DP2 shuttle tanker under construction, which is expected to be delivered in the second quarter of 2022.

g) As of April 20, 2022, the Company raised \$28,653 from the sale of 3,603,697 common shares and \$0.195 million from the sale of 165 Series D preferred shares, 2,239 Series E preferred shares and 5,888 Series F preferred shares.

h) As a result of the recent conflict in Ukraine, the EU, U.S. and other countries have imposed sanctions in response to Russian action. The extent to which this will impact the Company's future results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. Accordingly, an estimate of the impact cannot be made at this time.