



ADS CRUDE CARRIERS PLC

# Q4 2019

and preliminary  
full year report

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# Headlines Q4 2019

- Net revenue<sup>1</sup> of USD 6.6 million, down 3% from Q4 2018 due to reduction in available vessel days, partially offset by an increase in TCE<sup>1</sup> per day to USD 30,886, up 25% from Q4 2018
- Dividend per share of USD 0.09 declared for the quarter
- Completion of Fleet-wide upgrade, including scrubber installation and intermediate surveys
- Recognized savings from use of scrubbers estimated at USD 3.6 million to-date in 2020
- Backlog estimated for around 70% of vessel days in Q1 2020 booked at an average TCE per day of approximately USD 85,000

## Key financials

(In thousands of USD)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	12 months	8 months
						2019	2018
<b>Revenue</b>	12 381	6 984	11 161	11 700	10 466	42 226	13 432
<b>Net revenue<sup>1</sup></b>	6 640	2 134	4 767	6 505	6 816	20 047	7 907
<b>Vessel operating days</b>	215	127	273	270	276	885	417
<b>TCE<sup>1</sup> per day (in USD)</b>	30 886	16 801	17 463	24 093	24 697	22 653	18 962
<b>Operating profit</b>	286	(2 102)	1 115	2 374	2 642	1 674	903
<b>Net profit</b>	(470)	(2 914)	601	1 835	2 168	(948)	102
<b>EPS (in USD per share)</b>	(0.02)	(0.12)	0.03	0.08	0.09	(0.04)	0.01
<b>Dividend (in USD per share)</b>	0.09	-	0.02	0.04	-	0.15	-
<b>Cash flow from ops excl WC<sup>2</sup></b>	3 576	(864)	2 355	3 646	3 900	8 713	-
<b>Cash flow from operations</b>	(4 650)	3 847	(806)	3 989	3 221	2 380	(2 595)
<b>Net cash flow</b>	(7 610)	(3 964)	910	2 284	2 336	(8 381)	13 689
<b>Cash and cash equivalents</b>	5 309	12 920	16 884	15 974	13 689	5 309	13 689
<b>Equity ratio</b>	52 %	55 %	58 %	64 %	61 %	52 %	61 %
<b>Net interest-bearing debt<sup>1</sup></b>	30 693	23 095	19 131	13 502	15 787	30 693	15 787

<sup>1</sup> Net revenue, TCE per day and NIBD are non-IFRS measures. Please refer to Note 8 for explanation and reconciliation

<sup>2</sup> Cash flow from operations before working capital movements



# Financial performance

## Revenue and operating costs

Of the total 276 fleet days in Q4 2019, 61 days (22%) were off-hire due to yard stays to perform the final part of the Fleet-wide vessel upgrades to install exhaust emissions cleaning technology and perform mandatory classing surveys. All of the 215 vessel operating days in the quarter were spent operating in the spot market, generating net revenue of USD 6.6 million, slightly down from USD 6.8 million in Q4 2018 due to a decrease in vessel operating days. The reduction in operating days was partially offset by an increase in achieved day rates. TCE per day was USD 30,886 in the quarter, up 25% from USD 24,697 in Q4 2018. As was expected, the TCE recorded in Q4 2019 was lower than the VLCC market benchmark as it was impacted by the first vessel voyages after completion of intermediate surveys which typically are at a discount to market rate.

Vessel operating expenses were relatively flat compared to the previous quarter at USD 2.6 million in Q4 2019, down 2% from Q4 2018. General and administrative costs were up by 16% to USD 0.3 million from USD 0.2 million the previous quarter.

## Depreciation

Depreciation increased to USD 3.5 million in the quarter compared to USD 1.3 million in Q4 2018. The increase was driven by two factors: firstly, Q4 2019 was the first quarter for which depreciation was recognized for the recently completed scrubber installations and intermediate surveys. Additionally, following an evaluation of the IFRS requirement to annually reassess residual values, the Company has

reduced the residual values of the vessels used for depreciation purposes.

The Company calculates vessel depreciation based on an estimated useful lifetime of 20 years from original delivery and the estimated residual value at the end of that period. The residual value is the estimated recycling value at age 20 years. During 2019 there has been an approximate 25% decline in vessel recycling prices, and for depreciation purposes the Company has reduced the unit recycling price to USD 325/ldt from 1 October 2019 (previously USD 425/ldt).

The actual useful lifetime of a vessel as well as the residual value may end up being different from the assumptions used in the Company's depreciation calculation. Estimated useful lifetimes may change due to technological developments, environmental, legal and market requirements, costs related to maintenance and intermediate/special surveys, as well as charterer requirements. Residual value may vary due to changes in market recycling prices, which may be impacted by developments in vessel recycling facilities and regulations.

Recognition of depreciation relating to the scrubber installations and intermediate surveys commenced on the first day of the month following completion of the projects, and, thus, commencement of depreciation was staggered through Q4 2019. The first quarter with a full period of depreciation will be Q1 2020. The table below summarizes the makeup of the total depreciation charge recorded in the quarter, as well as estimated depreciation charge for futures quarters based on the same assumptions.



(In millions of USD)		Q4 2019	Q1 2020 <sup>1</sup> (estimate)
<b>Vessels</b>	Straight line depreciation over 20yrs to residual value	2.0	2.0
<b>Vessel surveys</b>	Straight line depreciation in full to next survey date (age 20yrs)	0.6	0.9
<b>Scrubbers</b>	Straight line depreciation in full to 2022 (age 20yrs)	0.8	1.2
		<b>3.5</b>	<b>4.1</b>

<sup>1</sup> = estimated depreciation charge for Q1 2020 can also be used as a guideline for subsequent quarters based on the same assumptions

### Operating profit, net profit and EPS

Operating profit was USD 0.3 million in Q4 2019, down from USD 2.6 million the previous quarter due to an increase in depreciation.

Net financial costs increased to USD 0.8 million in Q4 2019, up from USD 0.5 million in Q4 2018. The increase is due to higher interest costs as a result of the increase in interest-bearing debt between the periods, as well as higher amortized

up-front loan costs, following amendments to the vessel loans on 28 June 2019.

Net loss was USD 0.5 million, down from a profit of USD 2.2 million in Q4 2018, resulting in EPS of negative USD 0.02 in Q4 2019, down from USD 0.09. The reduction in net profit and EPS was largely due to increased depreciation and finance costs compared to Q4 2018.



# Cash flow

Net cash flow from operations before working capital movements was USD 3.6 million in the quarter, down from USD 3.9 million in Q4 2018. Net cash flow from operations was negative USD 4.7 million in Q4 2019 compared to positive USD 3.2 million the previous quarter as a result of higher negative working capital movements. Negative working capital movements increased to USD 8.2 million, compared to negative USD 0.7 million in Q4 2018 as a result of the timing of completion of voyages resulting in payments from charterers for all three vessels falling into the first days of January 2020.

Cash invested in property, plant and equipment was USD 2.3 million in Q4 2019, due to payments related to intermediate surveys and scrubber investments on the Company's vessels. Further cash payments totaling USD 9.0 million are expected to be paid in Q1 2020, while all estimated costs related to the vessel upgrades have been capitalized in the balance sheet as at 31 December 2019.

Cash flow from financing increased to an outflow of USD 0.6 million in Q4 2019, compared to USD 0.4 million in Q4 2018, mainly due to higher debt service cost as a result of increased debt following

amendments to the Company's vessel loans between periods.

The Company recorded net cash movement of negative USD 7.6 million, down from an inflow of USD 2.3 million in Q4 2018. Excluding working capital movements, the Company recorded net cash generation of USD 0.6 million.

Cash and cash equivalents held at 31 December 2019 totaled USD 5.3 million, down from USD 13.7 million at the same date the previous year. Including the undrawn Revolving Credit Facility of USD 7.5 million, the Company's total liquidity balance at 31 December 2019 was USD 12.8 million. In addition, the Company had restricted cash deposits of USD 1.5 million at 31 December 2019.

## Revolving Credit Facility

During the quarter the Company secured a USD 7.5 million credit facility in order to provide a working capital buffer to the Company following the recent fleet-wide yard stays (the "Revolving Credit Facility" or "RCF"). The RCF is provided by the Company's two largest shareholders, Ship Finance International Ltd and ADS Shipping Ltd, at market terms. The RCF was undrawn as of 31 December 2019 and as at the date of this report.



# Dividends

The Board of Directors (the “Board”) declare a dividend of USD 2 million, or approximately USD 0.09 per share. The last day of trading including the right to the dividend will be 9 March, the ex-dividend date will be 10 March and the dividend will be paid in NOK on or around 18 March to all shareholders on record at 11 March.

When evaluating dividend distributions, the Board take into account the net profit and cash generated during the reported period, the underlying Company financial performance and market development post-quarter end, as well as expectations about the future and considering the Company’s forecasted liquidity, investment plans, financing requirements and level of financial flexibility that the Board believes is appropriate for the Company.

# Outlook

## Scrubber investment and intermediate surveys

All three of the Company’s vessels completed yard stays during the second half of 2019 at which installation of open loop scrubber systems during mandatory 17.5-year intermediate classing surveys was completed. The total investment in intermediate surveys was USD 3.5 million on average per vessel, while investment in scrubbers was USD 4 million on average per vessel, or total estimated Fleet-wide cost USD 22.5 million. As at 31 December 2019, a cash amount of USD 13.5 million had been paid in relation to the investments, with the remaining amount of USD 9.0 million expected to be paid during Q1 2020.

## Scrubber payback

From 1 January 2020 the Company has monitored the cost of VLSFO or MGO (depending on availability) at every bunker port in which it has procured HFO bunker fuel for its vessels. To calculate the bunker savings generated by its scrubber investment the Company has calculated the difference between the price of VLSFO/MGO bunker fuel it would have paid had the vessel not been equipped with a scrubber, and the price of HFO it actually paid. As at the date of this report, the Company has recognized cash savings of USD 3.6 million in 2020, equivalent to 30% of its total investment in scrubbers.

## Backlog

As at the date of this report, the Company has secured estimated backlog for approximately 70% of days in Q1 2020 booked at an average TCE of approximately USD 85,000 per day.



# Interim consolidated statement of comprehensive income

(In thousands of USD)	Note	Q4 2019	Q4 2018	12 months	8 months
				2019	2018
<b>Revenue</b>		<b>12 381</b>	<b>10 466</b>	<b>42 226</b>	<b>13 432</b>
<b>Operating expenses</b>					
Voyage expenses		(5 740)	(3 649)	(22 179)	(5 525)
Vessel operating expenses		(2 626)	(2 690)	(9 964)	(4 562)
General & administrative costs		(259)	(223)	(1 043)	(606)
Depreciation	4	(3 469)	(1 262)	(7 366)	(1 835)
<b>Total operating expenses</b>		<b>(12 094)</b>	<b>(7 824)</b>	<b>(40 552)</b>	<b>(12 529)</b>
<b>Operating profit</b>		<b>286</b>	<b>2 642</b>	<b>1 674</b>	<b>903</b>
Finance cost		(869)	(531)	(2 825)	(859)
Finance income		112	57	203	57
<b>Profit before tax</b>		<b>(470)</b>	<b>2 168</b>	<b>(948)</b>	<b>102</b>
Income tax		-	-	-	-
<b>Profit after tax and total comprehensive income</b>		<b>(470)</b>	<b>2 168</b>	<b>(948)</b>	<b>102</b>
(In USD)					
<b>Earnings per share attributable to equity holders</b>					
Basic	6	(0.02)	0.09	(0.04)	0.01
Diluted	6	(0.02)	0.09	(0.04)	0.01





# Interim consolidated statement of financial position

(In thousands of USD)	Note	Q4 2019	Q4 2018
<b>Assets</b>			
<b>Non-current assets</b>			
Vessels	4	81 568	67 714
<b>Total non-current assets</b>		<b>81 568</b>	<b>67 714</b>
<b>Current assets</b>			
Receivables from customers		10 267	4 745
Other current assets		4 104	5 488
Restricted cash		1 498	524
Cash and cash equivalents		5 309	13 689
<b>Total current assets</b>		<b>21 177</b>	<b>24 447</b>
<b>Total assets</b>		<b>102 745</b>	<b>92 161</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Issued share capital		4 678	4 678
Share premium		51 207	51 207
Retained earnings		(2 346)	102
<b>Total equity</b>		<b>53 539</b>	<b>55 987</b>
<b>Non-current liabilities</b>			
Interest-bearing debt	5	36 566	29 729
<b>Total non-current liabilities</b>		<b>36 566</b>	<b>29 729</b>
<b>Current liabilities</b>			
Other current liabilities		9 499	1 333
Trade payables		3 141	5 113
<b>Total current liabilities</b>		<b>12 640</b>	<b>6 446</b>
<b>Total equity and liabilities</b>		<b>102 745</b>	<b>92 161</b>



# Interim consolidated statement of cash flows

(In thousands of USD)	Q4 2019	Q4 2018	12 months 2019	8 months 2018
<b>Cash flow from operating activities</b>				
Profit for the period	(470)	2 168	(948)	102
<b>Adjustment for non-operating cash flow items</b>				
Depreciation	3 469	1 262	7 366	1 835
Interest expenses	689	505	2 498	793
Interest income	(112)	(35)	(202)	(35)
<b>Net operating cash flow before working capital items</b>	<b>3 576</b>	<b>3 900</b>	<b>8 713</b>	<b>2 695</b>
Working capital movements	(8 225)	(679)	(6 334)	(5 290)
<b>Total operating cash flow</b>	<b>(4 650)</b>	<b>3 221</b>	<b>2 380</b>	<b>(2 595)</b>
<b>Cash flow from investing activities</b>				
Payments for vessels and equipment	(2 348)	(522)	(12 837)	(68 387)
<b>Total cash flow used in investing activities</b>	<b>(2 348)</b>	<b>(522)</b>	<b>(12 837)</b>	<b>(68 387)</b>
<b>Cash flow from financing activities</b>				
Proceeds from share issue	-	-	-	56 933
Transaction cost on issue of shares	-	-	-	(1 048)
Receipt from bank loan	-	-	7 500	30 000
Transaction cost related to bank loan	-	-	(900)	(300)
Interest paid	(711)	(363)	(2 210)	(391)
Decrease/(increase) in restricted cash	(12)	-	(973)	(524)
Interest received	112	1	161	1
Dividends paid	-	-	(1 500)	-
<b>Total cash flow from financing activities</b>	<b>(612)</b>	<b>(362)</b>	<b>2 077</b>	<b>84 671</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7 610)</b>	<b>2 336</b>	<b>(8 381)</b>	<b>13 689</b>
Cash and cash equivalents at the beginning of the period	12 919	11 353	13 689	-
<b>Cash and cash equivalents at the end of the period</b>	<b>5 309</b>	<b>13 689</b>	<b>5 309</b>	<b>13 689</b>



# Interim consolidated statement of changes in equity

(In thousands of USD apart from number of shares)	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
Balance at incorporation on 30 April 2018	-	-	-	-	-
<b>Issue of share capital</b>					
30 April 2018 at USD 0.20 per share	5 860	1	-	-	1
16 July 2018 at NOK 20 per share	23 384 440	4 677	52 255	-	56 932
Transaction costs of issue of shares	-	-	(1 048)	-	(1 048)
Total comprehensive income for the period	-	-	-	102	102
<b>Balance at 31 December 2018</b>	<b>23 390 300</b>	<b>4 678</b>	<b>51 207</b>	<b>102</b>	<b>55 987</b>

(In thousands of USD apart from number of shares)	Number of shares	Issued share capital	Share premium	Retained earnings	Total equity
<b>Balance at 1 January 2019</b>	<b>23 390 300</b>	<b>4 678</b>	<b>51 207</b>	<b>102</b>	<b>55 987</b>
Total comprehensive income for the period	-	-	-	(948)	(948)
Dividends paid	-	-	-	(1 500)	(1 500)
<b>Balance at 31 December 2019</b>	<b>23 390 300</b>	<b>4 678</b>	<b>51 207</b>	<b>(2 346)</b>	<b>53 539</b>

The nominal value of the Company's authorized share capital, including issued and non-issued shares, at 31 December 2019 is USD 4.7 million, consisting of 23,390,300 shares with par value USD 0.20 per share.



# Notes to the interim consolidated financial statements

## 1. General information

These interim consolidated financial statements of ADS Crude Carriers Plc (“ADS Crude Carriers” or the “Company”) for the quarter ended 31 December 2019 were authorized for issue in accordance with a resolution of the Board of Directors passed on 26 February 2020.

ADS Crude Carriers Plc is a public limited company listed on the Merkur Market at the Oslo Stock Exchange.

The Company is incorporated in Cyprus and the address of its registered office is OSM House, 22 Amathountos, 4532 Agios Tychonas, Limassol, Cyprus. The Company is domiciled in Cyprus and has Norwegian subsidiaries based in Arendal, Norway. The principal activities of the Company are operating tanker vessels in the global tanker market. The Company owns and operates a fleet of three VLCCs: ADS Page, ADS Stratus and ADS Serenade.

The Company is managed by Arendals Dampskibsselskab AS. Commercial management of the vessels is provided by Frontline Ltd, while technical management of the vessels is provided by OSM Maritime Group.

## 2. Significant accounting policies

### 2.1 Basis of preparation

These interim financial statements are prepared in accordance with IAS 34 Interim financial reporting as issued by the International Accounting Standards Board (IASB) and as adopted by the EU. The interim financial statements do not include all the information and disclosures required by International

Financial Reporting Standards (IFRS) for a complete set of financial statements.

The accounting principles applied by the Company in these interim consolidated financial statements are consistent with those applied in the audited annual consolidated financial statements for the year ended 31 December 2018 unless otherwise stated below. Please refer to Note 2 Significant accounting policies in the 2018 Annual Report for information on the Company’s accounting policies.

### 2.1.1 Property, plant and equipment

#### Vessel and scrubber depreciation

The Company calculates vessel depreciation based on an estimated useful lifetime of 20 years from original delivery and the estimated residual value at the end of that period.

The residual value is the estimated recycling value at age 20 years. During 2019 there has been an approximate 25% decline in vessel recycling prices, and for depreciation purposes the Company has reduced the unit recycling price to USD 325/ldt from 1 October 2019 (previously USD 425/ldt).

The actual useful lifetime of a vessel as well as the residual value may end up being different from the assumptions used in the Company’s depreciation calculation. Estimated useful lifetimes may change due to technological developments, environmental, legal and market requirements, costs related to maintenance and intermediate/special surveys, as well as charterer requirements. Residual value may vary due to changes in market recycling prices, which may be impacted by developments in vessel recycling facilities and regulations.



Capitalized scrubber investment costs are depreciated fully on a straight-line basis from the first day of the month following completion of the projects until the end of the useful lifetime of the vessel on which a scrubber is installed, which for all the vessels in Company's Fleet is during 2022.

## 2.2 Going concern

The Company was incorporated on 30 April 2018 as a limited liability company, converted to a public limited company on 10 August 2018 and subsequently admitted to trading on the Oslo Børs Merkur Market on 28 August 2018. On 16 July 2018, the Company raised gross proceeds of USD 57 million in a private placement equity issue. The purpose of the equity issue was to provide proceeds to part-finance purchase of three VLCCs, finance scrubber installments planned for 2019 on the acquired vessels, as well as provide liquidity for working capital build-up, cover general corporate purposes and equity transaction fees. During the second half of 2018 the Company purchased three vessels for a total price of USD 67.5 million, or USD 22.5 million per vessel. In addition to the equity contribution, the vessel purchase was partly financed by a USD 30 million loan, or USD 10 million per vessel (the "Old Loan"). During Q2 2019, the Company agreed terms with the lender of the vessel loan whereby a new loan of nominal value USD 37.5 million (the "New Loan") replaced the Old Loan. The New Loan was drawdown on 28 June 2019, providing gross proceeds of USD 7.5 million after the repayment of the Old Loan. Less loan issue costs amounting to USD 0.6 million paid in Q2 2019, net proceeds of USD 6.9 million were received. The proceeds of the New Loan were

to be used towards the vessel intermediate surveys (dry dockings) that have been completed during the second half of 2019.

During Q4 2019 the Company secured a USD 7.5 million credit facility in order to provide a working capital buffer to the Company immediately after the Fleet-wide yard stays (the "Revolving Credit Facility" or "RCF"). The RCF is provided by the Company's two largest shareholders, Ship Finance International Ltd and ADS Shipping Ltd, at market terms. The RCF has a tenor of 12 months and is unsecured.

The Company's financial projections used in its going concern evaluation are based on certain assumptions about the future, including those related to the VLCC market, vessel utilization, productivity, operating cost level – including savings from the use of scrubbers – and capital investments. Based on these assumptions, the Company expects to have sufficient liquidity to operate for at least 12 months from the date of this interim report and, therefore, these interim financial statements are prepared using the going concern assumption.

## 3. Segment reporting

The Company's business is limited to operating a fleet of three VLCC tankers. Management has organized and manages the entity as one business segment based upon the service provided. The Company's chief operating decision maker, being the Board of Directors, reviews the Company's operating results on a consolidated basis as one operating segment (as defined by IFRS 8 Operating segments).



#### 4. Property, plant and equipment

(In thousands of USD)	Q4 2019	Q4 2018	12 months	8 months
			2019	2018
<b>Costs</b>				
Balance at start of period	84 954	67 865	69 550	-
Additional capital expenditures	5 814	1 685	21 218	69 550
<b>Balance at end of period</b>	<b>90 768</b>	<b>69 550</b>	<b>90 768</b>	<b>69 550</b>
<b>Depreciation</b>				
Balance at start of period	5 732	573	1 835	-
Depreciation for period	3 469	1 262	7 366	1 835
<b>Balance at end of period</b>	<b>9 201</b>	<b>1 835</b>	<b>9 201</b>	<b>1 835</b>
Net book value at start of period	79 222	67 292	71 385	-
<b>Net book value at end period</b>	<b>81 568</b>	<b>67 714</b>	<b>81 568</b>	<b>67 714</b>
<b>Carrying value of pledged assets</b>	<b>69 285</b>	<b>66 050</b>	<b>69 285</b>	<b>66 050</b>

During 2019 and end of 2018 the Company invested in scrubber systems for its fleet of three vessels that were installed during mandatory intermediate surveys that occurred during the second half of 2019. The total investment in intermediate surveys was USD 3.5 million on average per vessel, while investment in scrubbers was USD 4 million on average per vessel, or total estimated Fleet-wide cost USD 22.5 million. As at 31 December 2019, a cash amount of USD 13.5 million had been paid, with the remaining amount of USD 9.0 million expected to be paid during Q1 2020.

#### 5. Interest bearing debt

(In thousands of USD)	Maturity	Interest	Q4 2019	Q4 2018
<b>Fleet Loan</b>				
Nominal USD 30 million			-	29 729
Nominal USD 37.5 million	31-Dec-22	LIBOR + 5.1%	36 566	-
<b>Total interest-bearing debt</b>			<b>36 566</b>	<b>29 729</b>

Under the terms of the USD 37.5 million Fleet Loan, there is no fixed amortization until maturity on 31 December 2022, apart from a Cash Sweep and a Dividend Amortization mechanism:

- i. Cash Sweep – from and including Q1 2020, all liquidity above the Minimum Liquidity (defined as 10% of Financial Indebtedness), on a quarterly basis is paid as prepayment of the New Loan up to a maximum amount of USD 250,000 per vessel per quarter. Applied until outstanding loan balance is USD 30 million.
- ii. Dividend Amortization – whereby 50% of any dividend exceeding USD 2 million per quarter, USD 4 million per half-year and USD 6 million per annum is applied towards prepayment of the New Loan. Applied until outstanding loan balance is USD 27 million.

Any amount paid for a quarter under the Cash Sweep mechanism shall reduce accordingly the prepayment obligation under the Dividend Amortization clause.



## 6. Earnings per share

(In thousands of USD)	Q4 2019	Q4 2018	12 months		8 months	
			2019	2018	2018	2018
Profit for the period	(470)	2 168	(948)		102	
Weighted average shares outstanding	23 390 300	23 390 300	23 390 300		16 070 780	
<b>Basic and diluted EPS</b>	<b>(0.02)</b>	<b>0.09</b>	<b>(0.04)</b>		<b>0.01</b>	

The Company has no dilutive or potential dilutive shares.

## 7. Events after the balance sheet date

### Dividend

On 26 February 2020, the Board of Directors declared a dividend of USD 2 million, or approximately USD 0.09 per share. The last day of trading including the right to the dividend will be 9 March, the ex-dividend date will be 10 March and the dividend will be paid in NOK on or around 18 March to all shareholders on record at 11 March.

## 8. Net revenue

In order to measure financial performance and position, the Company makes use of the Alternative Performance Measures (APMs) described below. The APMs are non-IFRS measures which provide supplemental information to the IFRS financial measures.

### 8.1 Alternative performance measures

Net revenue is calculated as revenue less voyage expenses. The Company uses net revenue as an indication of the profitability of voyages and charters. Net revenue is used as the numerator when calculating TCE per day.

(In thousands of USD)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	12 months		8 months	
						2019	2018	2018	2018
<b>Net revenue</b>									
Revenue	12 381	6 984	11 161	11 700	10 466	42 226		13 432	
Voyage expenses	(5 740)	(4 850)	(6 394)	(5 195)	(3 649)	(22 179)		(5 525)	
<b>Total net revenue</b>	<b>6 640</b>	<b>2 134</b>	<b>4 767</b>	<b>6 505</b>	<b>6 816</b>	<b>20 047</b>		<b>7 907</b>	



## 8.2 TCE per day

Time charter equivalent (TCE) per day is calculated by dividing net revenue by the number of vessel operating days in the period. Vessel operating days are the calendar days in the period as calculated from the date of delivery of a newly acquired vessel, excluding any days associated with drydocking or off-hire. TCE is a common shipping industry measure of performance on a per day basis. The Company uses TCE per day as it enables comparison of financial performance between periods regardless of changes in the mix of charter types.

(In thousands of USD)	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	12 months	8 months
						2019	2018
<b>TCE</b>							
Net revenue	6 640	2 134	4 767	6 505	6 816	20 047	7 907
Vessel operating days	215	127	273	270	276	885	417
<b>TCE (in whole USD)</b>	<b>30 886</b>	<b>16 801</b>	<b>17 463</b>	<b>24 093</b>	<b>24 697</b>	<b>22 653</b>	<b>18 962</b>

During Q4 2019 a total of 61 days were spent on planned yard stays.

## 8.3 Net interest-bearing debt (NIBD)

NIBD is calculated as the nominal outstanding value of the Company's total interest-bearing debt, less the balance of cash and cash equivalents, as well as any restricted cash that is restricted for the purposes of repaying debt.

(In thousands of USD)	As at				
	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018
<b>Net interest-bearing debt (NIBD)</b>					
Nominal value of interest-bearing debt	37 500	37 500	37 500	30 000	30 000
Cash and cash equivalents	5 309	12 920	16 884	15 974	13 689
Restricted cash available for debt repayment	1 498	1 485	1 485	524	524
<b>NIBD</b>	<b>30 693</b>	<b>23 095</b>	<b>19 131</b>	<b>13 502</b>	<b>15 787</b>

The Company uses NIBD as it provides an indication of the Company's debt position by indicating the ability of the Company to pay off all its debt if it became due simultaneously and only using cash.

## 8.4 Backlog

Backlog shows the estimated proportion of vessel operating days of a future financial reporting period for which the Company has secured commitments with clients (eg. charter parties), as well as the average TCE per day for those days. The Company uses backlog since it provides the amount of committed operating activity in future periods, thus providing an indication of the Company's future net revenue.





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