



ADS CRUDE CARRIERS PLC

**Q1  
2020**

first quarter  
report

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# Headlines Q1 2020

- Net profit USD 10.8 million, of which USD 10.5 million to be distributed in cash during Q2 2020 as follows:
  - USD 7.0 million dividend to shareholders, or USD 0.30 per share
  - USD 3.5 million loan amortization in accordance with the Dividend Amortization clause (in addition to USD 0.75 million repaid under the Cash Sweep clause)
- Net revenue<sup>1</sup> of USD 18.7 million for the quarter on average TCE<sup>1</sup> of USD 71,008 per day
- ADS Page commenced six-month time charter on 5 April at a day rate of USD 69,000; ADS Serenade and ADS Stratus continue to operate in the spot market
- Backlog estimated for around 95% of vessel days in Q2 2020 booked at an average TCE per day of approximately USD 65,000

## Key financials

(In thousands of USD)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	8 months	
						2019	2018
<b>Revenue</b>	25 236	12 381	6 984	11 161	11 700	42 226	13 432
<b>Net revenue<sup>1</sup></b>	18 675	6 640	2 134	4 767	6 505	20 047	7 907
<b>Vessel operating days</b>	263	215	127	273	270	885	417
<b>TCE<sup>1</sup> per day (in USD)</b>	71 008	30 886	16 801	17 463	24 093	22 653	18 962
<b>Operating profit</b>	11 582	286	(2 102)	1 115	2 374	1 674	903
<b>Net profit</b>	10 797	(470)	(2 914)	601	1 835	(948)	102
<b>EPS (in USD per share)</b>	0.46	(0.02)	(0.12)	0.03	0.08	(0.04)	0.01
<b>Dividend (in USD per share)</b>	0.30	0.09	-	0.02	0.04	0.15	-
<b>Cash flow from ops excl WC<sup>2</sup></b>	15 558	3 576	(864)	2 355	3 646	8 713	-
<b>Cash flow from operations</b>	19 462	(4 650)	3 847	(806)	3 989	2 380	(2 595)
<b>Net cash flow</b>	8 857	(7 610)	(3 964)	910	2 284	(8 381)	13 689
<b>Cash and cash equivalents</b>	14 167	5 309	12 920	16 884	15 974	5 309	13 689
<b>Equity ratio</b>	60 %	52 %	55 %	58 %	64 %	52 %	61 %
<b>Net interest-bearing debt<sup>1</sup></b>	21 836	30 693	23 095	19 131	13 502	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

The Company recorded a 187% increase in net revenue to USD 18.7 million in the quarter (Q1 2019 – USD 6.5 million) due to a 195% increase in TCE per day to USD 71,008 (Q1 2019 – USD 24,093). All three of the Company's vessels operated in the spot market in Q1 2020 (Q1 2019: two vessels on spot, one on time charter). During Q1 2020 a total of 10 days were spent on technical maintenance and total vessel operating days were 263 in the quarter (Q1 2019 – 270 days).

Both vessel operating expenses and general and administrative costs were reasonably stable between periods at USD 2.7 million (Q1 2019 – USD 2.5 million) and USD 0.2 million (Q1 2019 – USD 0.3 million), respectively.

Depreciation increased by USD 2.8 million to USD 4.1 million in the quarter (Q1 2019 – USD 1.3 million). The increase was driven by an increased depreciation base following the Company's investment in scrubbers and intermediate surveys, as well as a change in the vessel residual values, between reporting periods. Q1 2020 was the first

full quarter for which the scrubber investments and recent intermediate surveys were depreciated, contributing USD 2.1 million increased depreciation compared to the same period. The change in vessel residual values, implemented with effect from the start of Q4 2019 for depreciation purposes, accounts for the remaining USD 0.7 million increase in depreciation compared to Q1 2019.

## Operating profit, net profit and EPS

Operating profit increased USD 9.2 million to USD 11.6 million in Q1 2020 (Q1 2019 – USD 2.4 million), driven by USD 12.2 million increased net revenue, slightly offset by increased depreciation of USD 2.8 million.

Net financial costs increased USD 0.3 million to USD 0.8 million (Q1 2019 – USD 0.5 million) as a result of the increase in interest-bearing debt between the periods following amendments to the vessel loans in mid-2019.

Net profit increased USD 9.0 million to USD 10.8 million for the quarter (Q1 2019: USD 1.8 million), resulting in EPS of USD 0.46 (Q1 2019: USD 0.08).



# Cash flow

Net cash flow from operations increased USD 15.5 million to USD 19.5 million (Q1 2019 - USD 4.0 million), driven by increased earnings and higher working capital movements in the quarter. Net cash flow from operations before working capital movements was USD 15.6 million in Q1 2020 (Q1 2019 - USD 3.6 million), while working capital movements were USD 3.9 million (Q1 2019: USD 0.3 million).

Cash invested in vessels and equipment was USD 7.9 million in Q1 2020 (Q1 2019 - USD 1.2 million) due to payments relating to fleet-wide intermediate survey and scrubber investments that were done - and were capitalized - in 2019. Following the payments made in Q1 2020, an estimated USD 0.5 million remains unpaid in relation to the 2019 vessel upgrades and is expected to be paid in mid-2020.

Cash flow from financing activities was an outflow of USD 2.7 million (Q1 2019 - USD 0.5 million), consisting of USD 2.0 million dividends paid (Q1 2019 - nil) and interest paid of USD 0.7 million (Q1 2019 - USD 0.5 million).

During the quarter the Company recorded a net cash increase of USD 8.9 million (Q1 2019 - USD 2.3 million) and cash and cash equivalents held at the end of the quarter totaled USD 14.2 million (Q1 2019 - USD 16.0 million). Including the undrawn Revolving Credit Facility of USD 7.5 million, the Company's total liquidity balance at end Q1 2020 was USD 21.7 million (Q1 2019 - USD 16.9 million). In addition, the Company had restricted cash deposits of USD 1.5 million (Q1 2019 - USD 0.5 million).



# Dividend and capital allocation

The Company recorded a net profit for the quarter of USD 10.8 million, of which the Board of Directors (the "Board") has resolved to distribute a total of USD 10.5 million with the aim of maximizing dividends paid to shareholders permitted after the Cash Sweep and Dividend Amortization clauses in the Fleet Loan are taken into account. As a result, the USD 10.5 million will be distributed in cash during Q2 2020 as follows:

- USD 7 million dividend to shareholders
- USD 3.5 million loan amortization due in accordance with the Dividend Amortization clause

The total cash paid during Q2 2020 as amortization of the Fleet Loan is expected to be USD 4.25 million, consisting of USD 3.5 million due under the Dividend Amortization clause and USD 0.75 million already paid in accordance with the Cash Sweep mechanism. The Cash Sweep payable of USD

0.75 million was paid in early Q2 2020 based on the Company's free cash holding at the end of Q1 2020.

## Dividend information

The Board declares a dividend of USD 7 million, or approximately USD 0.30 per share. The last day of trading including the right to the dividend will be 3 June, the ex-dividend date will be 4 June and the dividend will be paid in NOK on or around 16 June to all shareholders on record at 5 June.

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 payback

During the second half of 2019 the Company invested an average of USD 4 million per vessel in open loop scrubber systems during mandatory intermediate vessel surveys. Based on all fuel purchases the Company has done since 1 January 2020, as at the date of this report the Company has recognized cash savings of USD 4.9 million in 2020, equivalent to 40% of its total investment in scrubbers.

## Covid-19

The outbreak of Covid-19 has had a wide-ranging macroeconomic impact that has been felt by many – if not all – industries and jurisdictions globally, with oil and related markets impacted by a reduction in short-term energy demand resulting in reduced consumption of crude oil products. The main impact of Covid-19 on the Company's operational activities so far has been largely on logistical challenges relating to performing timely crew changes and, to a lesser extent, challenges with delivery of certain supplies to vessels. At this stage, ADS Crude Carriers has experienced relatively limited negative impacts on our business operations, which is in large part due to the dedication, understanding, and positive attitude shown by our seafarers and onshore support teams.

It remains uncertain how long the global measures and restrictions on travel, transport and other aspect of private and commercial life will be in place and their ultimate consequence, while the effect on the tanker market and on the Company is not possible to predict or quantify at this stage.

## Market and backlog

During 2020 to-date the VLCC market has experienced strong underlying fundamentals, with both a healthy spot market and term charter market. Driven by increased demand for offshore

storage capacity following the high contango in the crude oil market, the market for term charters experienced a sudden and significant improvement during the second half of the quarter. The recent VLCC market has been significantly influenced by a number of factors, including changes to average sailing distances and steaming speeds, fluxes in fleet capacity, the impacts of IMO 2020, adjustments to oil production and pricing, as well as the sudden outbreak of Covid-19. Recent months have also been a reminder that the tanker market is volatile, hard to forecast and can swing quickly, with the range of reported market rates for VLCCs during the quarter being seemingly higher than previous periods.

The combination of the rapid recent increase in crude oil supply coupled with the reduced immediate consumption has or will likely result in a build-up of crude oil inventory. There is a risk that future demand for transportation and/or storage of crude oil using VLCCs will significantly reduce from the high levels seen in 2020 to-date. So far in Q2 2020 the market has remained relatively strong and the Company has secured voyages at healthy levels with rates significantly above the Company's cash break-even of approximately USD 12,900 per vessel day (includes all fixed cash costs, excludes variable debt amortization). The Board expect the VLCC market will remain dynamic for the foreseeable future.

On 30 March the Company announced it had entered a six-month time charter for ADS Page, which subsequently commenced on 5 April 2020 for a gross day rate of USD 69,000. ADS Serenade and ADS Stratus have remained operating in the spot market during 2020. As at the date of this report, the Company has secured estimated backlog for approximately 95% of days in Q2 2020 booked at an average TCE of approximately USD 65,000 per day.

# Interim consolidated statement of comprehensive income

(In thousands of USD)	Note	Q1 2020	Q1 2019	2019
<b>Revenue</b>		<b>25 236</b>	<b>11 700</b>	<b>42 226</b>
<b>Operating expenses</b>				
Voyage expenses		(6 561)	(5 195)	(22 179)
Vessel operating expenses		(2 720)	(2 491)	(9 964)
General & administrative costs		(247)	(346)	(1 043)
Depreciation	4	(4 127)	(1 294)	(7 366)
<b>Total operating expenses</b>		<b>(13 655)</b>	<b>(9 326)</b>	<b>(40 552)</b>
<b>Operating profit</b>		<b>11 582</b>	<b>2 374</b>	<b>1 674</b>
Finance cost		(790)	(570)	(2 825)
Finance income		5	30	203
<b>Profit before tax</b>		<b>10 797</b>	<b>1 835</b>	<b>(948)</b>
Income tax		-	-	-
<b>Profit after tax and total comprehensive income</b>		<b>10 797</b>	<b>1 835</b>	<b>(948)</b>
(In USD)				
<b>Earnings per share attributable to equity holders</b>				
Basic and diluted	6	0.46	0.08	(0.04)





# Interim consolidated statement of financial position

(In thousands of USD)	Note	Q1 2020	Q1 2019	2019
<b>Assets</b>				
<b>Non-current assets</b>				
Vessels	4	77 441	66 429	81 568
<b>Total non-current assets</b>		<b>77 441</b>	<b>66 429</b>	<b>81 568</b>
<b>Current assets</b>				
Receivables from customers		4 963	3 259	10 267
Other current assets		5 552	3 713	4 104
Restricted cash		1 498	524	1 498
Cash and cash equivalents		14 167	15 974	5 309
<b>Total current assets</b>		<b>26 178</b>	<b>23 469</b>	<b>21 177</b>
<b>Total assets</b>		<b>103 619</b>	<b>89 898</b>	<b>102 745</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Issued share capital		4 678	4 678	4 678
Share premium		51 207	51 207	51 207
Retained earnings		6 450	1 936	(2 346)
<b>Total equity</b>		<b>62 336</b>	<b>57 822</b>	<b>53 539</b>
<b>Non-current liabilities</b>				
Interest-bearing debt	5	36 666	29 748	36 566
<b>Total non-current liabilities</b>		<b>36 666</b>	<b>29 748</b>	<b>36 566</b>
<b>Current liabilities</b>				
Other current liabilities		2 020	1 394	9 499
Trade payables		2 597	935	3 141
<b>Total current liabilities</b>		<b>4 618</b>	<b>2 329</b>	<b>12 640</b>
<b>Total equity and liabilities</b>		<b>103 619</b>	<b>89 898</b>	<b>102 745</b>

# Interim consolidated statement of cash flows

(In thousands of USD)	Q1 2020	Q1 2019	2019
<b>Cash flow from operating activities</b>			
Profit for the period	10 797	1 835	(948)
<b>Adjustment for non-operating cash flow items</b>			
Depreciation	4 127	1 294	7 366
Interest expenses	665	548	2 498
Interest income	-	(30)	(202)
<b>Net operating cash flow before working capital items</b>	<b>15 588</b>	<b>3 646</b>	<b>8 713</b>
Working capital movements	3 874	342	(6 334)
<b>Total operating cash flow</b>	<b>19 462</b>	<b>3 989</b>	<b>2 380</b>
<b>Cash flow from investing activities</b>			
Payments for vessels and equipment	(7 916)	(1 171)	(12 837)
<b>Total cash flow used in investing activities</b>	<b>(7 916)</b>	<b>(1 171)</b>	<b>(12 837)</b>
<b>Cash flow from financing activities</b>			
Receipt from bank loan	-	-	7 500
Transaction cost related to bank loan	-	-	(900)
Interest paid	(689)	(534)	(2 210)
Decrease/(increase) in restricted cash	-	-	(973)
Interest received	-	-	161
Dividends paid	(2 000)	-	(1 500)
<b>Total cash flow from financing activities</b>	<b>(2 689)</b>	<b>(534)</b>	<b>2 077</b>
<b>Net increase in cash and cash equivalents</b>	<b>8 857</b>	<b>2 284</b>	<b>(8 381)</b>
Cash and cash equivalents at the beginning of the period	5 309	13 689	13 689
<b>Cash and cash equivalents at the end of the period</b>	<b>14 167</b>	<b>15 974</b>	<b>5 309</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
<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>

(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 2020</b>	<b>23 390 300</b>	<b>4 678</b>	<b>51 207</b>	<b>(2 346)</b>	<b>53 539</b>
Total comprehensive income for the period	-	-	-	10 797	10 797
Dividends paid	-	-	-	(2 000)	(2 000)
<b>Balance at 31 March 2020</b>	<b>23 390 300</b>	<b>4 678</b>	<b>51 207</b>	<b>6 451</b>	<b>62 336</b>

The nominal value of the Company's authorized share capital, including issued and non-issued shares, at 31 March 2020 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 March 2020 were authorized for issue in accordance with a resolution of the Board of Directors passed on 27 May 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 2019 unless otherwise stated below. Please refer to Note 2 Significant accounting policies in the 2019 Annual Report for information on the Company's accounting policies.

### 2.2 Going concern

ADS Crude Carriers was established in mid-2018 to acquire tanker vessels at a low point in the cycle, enabling a low entry point to reduce downside risk to the Company's investment. Initial financing of the Company was by a private placement equity raise of USD 57 million in July 2018 (the "Equity Raise") and shares in ADS commenced trading on the Oslo Børs Merkur Market on 28 August 2018. During the third quarter 2018 the Company purchased three high-spec, Japanese-built sister vessel VLCCs for a total price of USD 67.5 million, or USD 22.5 million per vessel. The vessel purchases were financed by proceeds from the Equity Raise and a USD 30 million vessel loan (the "Old Loan"). The portion of the Equity Raise that was not used for vessel acquisitions was used for working capital purposes (USD 7.5 million), general corporate purposes and transaction costs (total USD 3 million) and to partially finance scrubber investments (USD 9 million). During mid-2019, the Company agreed terms with the lender of the vessel loan whereby a new loan of nominal value USD 37.5 million



(the “Fleet Loan”) replaced the Old Loan. The net proceeds of approximately USD 7 million from the Fleet Loan were used to partially finance mandatory intermediate vessel surveys.

The mandatory intermediate surveys and scrubber installations were completed during the second half 2019 for a total capital investment of USD 22.5 million, of which USD 12 million was for scrubbers (USD 9 million financed by the Equity Raise) and USD 10.5 million for intermediate surveys (USD 7 million financed by the Fleet Loan). The portion of the total capital investment not financed by the Equity Raise and New Loan – an amount totaling USD 6.5 million – was financed by cash from operations. As at the end of Q1 2020 the total capital investment for intermediate surveys and scrubber installations has been paid in cash, apart from USD 0.5 million that is expected to be paid in mid-2020. Apart from the remaining USD 0.5 million, the Company currently has no planned future capital expenditure.

During Q4 2019 ADS 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)	Q1 2020	Q1 2019	2019
<b>Costs</b>			
Balance at start of period	90 768	69 550	69 550
Additional capital expenditures	-	8	21 218
<b>Balance at end of period</b>	<b>90 768</b>	<b>69 558</b>	<b>90 768</b>
<b>Depreciation</b>			
Balance at start of period	9 201	1 835	1 835
Depreciation for period	4 127	1 294	7 366
<b>Balance at end of period</b>	<b>13 327</b>	<b>3 129</b>	<b>9 201</b>
Net book value at start of period	81 568	67 714	71 385
<b>Net book value at end period</b>	<b>77 441</b>	<b>66 429</b>	<b>81 568</b>
<b>Carrying value of pledged assets</b>	<b>66 370</b>	<b>64 756</b>	<b>69 285</b>

During 2019 the Company invested in scrubber systems that were installed during mandatory intermediate surveys for all three vessels that occurred during the second half of the year, with a total investment cost of approximately USD 22.5 million. All estimated costs related to the scrubber and intermediate surveys have been capitalized in the period ending 31 December 2019, of which USD 7.9 million was paid in cash during Q1 2020. As at 31 March 2020, a total remaining amount of USD 0.5 million was unpaid and is expected to be paid mid-2020.

#### 5. Interest bearing debt

(In thousands of USD)	Maturity	Interest	Q1 2020	Q1 2019	2019
<b>Fleet Loan</b>					
Nominal USD 30 million			-	29 748	-
Nominal USD 37.5 million	31-Dec-22	LIBOR + 5.1%	36 666	-	36 566
<b>Total interest-bearing debt</b>			<b>36 666</b>	<b>29 748</b>	<b>36 566</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 the following Cash Sweep and Dividend Amortization mechanisms:

- Cash Sweep – from and including Q1 2020, all liquidity above the Minimum Liquidity, on a quarterly basis is paid as prepayment of the Fleet Loan up to a maximum amount of USD 250,000 per vessel per quarter. Applied until outstanding loan balance is USD 30 million.
- Dividend Amortization – whereby 50% of any dividend exceeding USD 2 million in any financial quarter, USD 4 million in any financial half-year and USD 6 million in any financial year is applied towards prepayment of the Fleet 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)	Q1 2020	Q1 2019	2019
Profit for the period	10 797	1 835	(948)
Weighted average shares outstanding	23 390 300	23 390 300	23 390 300
<b>Basic and diluted EPS</b>	<b>0.46</b>	<b>0.08</b>	<b>(0.04)</b>

The Company has no dilutive or potential dilutive shares.

## 7. Events after the balance sheet date

### Dividend distribution and loan amortization

The Company recorded a net profit for the first quarter of USD 10.8 million, of which the Board of Directors (the "Board") has resolved on 27 May to distribute a total of USD 10.5 million with the aim of maximizing dividends paid to shareholders permitted after the Cash Sweep and Dividend Amortization clauses in the Fleet Loan are taken into account. As a result, USD 10.5 million will be distributed in cash during Q2 2020 as follows:

- USD 7 million dividend to shareholders
- USD 3.5 million loan amortization due in accordance with the Dividend Amortization clause

The total cash paid during Q2 2020 as amortization of the Fleet Loan is expected to be USD 4.25 million, consisting of USD 3.5 million due under the Dividend Amortization clause and USD 0.75 million already paid in accordance with the Cash Sweep mechanism. The Cash Sweep payable of USD 0.75 million was paid in early Q2 2020 based on the Company's free cash holding at the end of Q1 2020.

The total dividend of USD 7 million, or approximately USD 0.30 per share will be payable as follows: the last day of trading including the right to the dividend will be 3 June, the ex-dividend date will be 4 June and the dividend will be paid in NOK on or around 16 June to all shareholders on record at 5 June.

## 8. Alternative performance measures

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. Net revenue

Net revenue is calculated as revenue less voyage expenses. Voyage expenses include revenue-based commissions, apart from address commission which is recognized as a reduction in revenue. 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)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
<b>Net revenue</b>						
Revenue	25 236	12 381	6 984	11 161	11 700	42 226
Voyage expenses	(6 561)	(5 740)	(4 850)	(6 394)	(5 195)	(22 179)
<b>Total net revenue</b>	<b>18 675</b>	<b>6 640</b>	<b>2 134</b>	<b>4 767</b>	<b>6 505</b>	<b>20 047</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)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	2019
<b>TCE</b>						
Net revenue	18 675	6 640	2 134	4 767	6 505	20 047
Vessel operating days	263	215	127	273	270	885
<b>TCE (in whole USD)</b>	<b>71 008</b>	<b>30 886</b>	<b>16 801</b>	<b>17 463</b>	<b>24 093</b>	<b>22 653</b>

During Q1 2020 a total of 10 days were spent on technical maintenance.

### 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)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
<b>Net interest-bearing debt (NIBD)</b>					
Nominal value of interest-bearing debt	37 500	37 500	37 500	37 500	30 000
Cash and cash equivalents	14 167	5 309	12 920	16 884	15 974
Restricted cash available for debt repayment	1 498	1 498	1 485	1 485	524
<b>NIBD</b>	<b>21 836</b>	<b>30 693</b>	<b>23 095</b>	<b>19 131</b>	<b>13 502</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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