

## A. Operating Results

YEAR ENDED DECEMBER 31, 2019 COMPARED TO YEAR ENDED DECEMBER 31, 2018

<i>All figures in USD '000</i>	Years Ended December 31,		Variance
	2019	2018	
Voyage Revenue	317,220	289,016	9.8%
Voyage Expenses	(141,770)	(165,012)	(14.1%)
Vessel Operating Expenses	(66,033)	(80,411)	(17.9%)
Impairment Loss on Vessels	-	(2,168)	N/A
Impairment Loss on Goodwill	-	-	N/A
Loss from Disposal of Vessels	-	(6,619)	N/A
General and Administrative Expenses	(13,481)	(12,727)	5.9%
Depreciation Expenses	(63,965)	(60,695)	5.4%
<b>Net Operating (Loss) Income</b>	<b>31,971</b>	<b>(38,616)</b>	<b>(182.8%)</b>
Interest Income	298	334	(10.8%)
Interest Expenses	(38,390)	(34,549)	11.1%
Other Financial Expenses	(4,231)	(14,808)	(71.4%)
Equity Loss from Associate	-	(7,667)	N/A
<b>Net (Loss) Income</b>	<b>(10,352)</b>	<b>(95,306)</b>	<b>(89.1%)</b>

Management believes that net voyage revenue, a non-GAAP financial measure, provides additional meaningful information because it enables us to compare the profitability of our vessels which are employed under bareboat charters, spot related time charters and spot charters. Net voyage revenues divided by the number of days on the charter provides the Time Charter Equivalent (TCE) Rate. Net voyage revenues and TCE rates are widely used by investors and analysts in the tanker shipping industry for comparing the financial performance of companies and for preparing industry averages. We believe that our method of calculating net voyage revenue is consistent with industry standards. The table below reconciles our net voyage revenues to voyage revenues.

<i>All figures in USD '000, except TCE rate per day</i>	Years Ended December 31,		Variance
	2019	2018	
Voyage Revenue	317,220	289,016	9.8%
Less Voyage expenses	(141,770)	(165,012)	(14.1%)
<b>Net Voyage Revenue</b>	<b>175,450</b>	<b>124,004</b>	<b>41.5%</b>
Vessel Calendar Days (1)	8,395	9,747	(13.9%)
Less off-hire days	293	277	5.8%
<b>Total TCE days</b>	<b>8,102</b>	<b>9,470</b>	<b>(14.4%)</b>
<b>TCE Rate per day (2)</b>	<b>\$ 21,655</b>	<b>\$ 13,095</b>	<b>65.4%</b>
Total Days for vessel operating expenses	8,395	9,747	(13.9%)

(1) Vessel Calendar Days is the total number of days the vessels were in our fleet.

(2) Time Charter Equivalent ("TCE") Rate, results from Net Voyage Revenue divided by total TCE days.

The change in Voyage revenue is due to two main factors:

- i) The number of TCE days
- ii) The change in the TCE rate achieved.

With regards to i), the decrease in vessel calendar days is mainly due to the disposal of ten vessels in 2018, offset by three 2018 Newbuildings delivered in the latter part of 2018.

With regards to ii), the TCE rate increased by \$8,560, or 65.4%. The indicative rates presented by Clarksons Shipping increased by 91.7% for the twelve months of 2019 compared to the same twelve months in 2018 to \$31,560 from \$16,466, respectively. The rates presented by Clarksons Shipping were significantly influenced by the spike in the Suezmax tanker rates in the fourth quarter of both 2019 and 2018. Our average TCE was also positively impacted by the increased tanker rates towards the end of 2019, but not to the same extent as the rates reported by Clarksons Shipping. We expect this spike to materialize to a larger extent in the first quarter of 2020 compared to the rates reported by Clarksons Shipping.

As a result of i) and ii) net voyage revenues increased by 41.5% from \$124.0 million for the year ended December 31, 2018, to \$175.5 million for the year ended December 31, 2019.

Voyage expenses decreased to \$141.8 million from \$165.0 million, or 14.1%. The decrease in voyage expenses was primarily due to a decrease in vessel calendar days as discussed above.

Vessel operating expenses decreased by \$14.4 million, or 17.9%, from \$80.4 million in 2018 to \$66.0 million in 2019. This was primarily due to the decrease in our fleet as discussed above. In cooperation with our technical managers we maintain our focus on keeping the fleet in top technical condition whilst keeping costs low.

No impairment loss on vessels has been recorded in 2019 compared to a loss of \$2.2 million recorded for the year ended December 31, 2018.

General and administrative expenses increased \$0.7 million, or 5.9%, from \$12.7 million in 2018 to \$13.5 million in 2019.

Depreciation expenses increased by \$3.3 million, or 5.4%, from \$60.7 million in 2018 to \$64.0 million in 2019. The increase is primarily due to the full-year effect of the three vessels added to the fleet in the latter part of 2018.

Interest expenses increased by \$3.8 million, or 11.1%, from \$34.5 million in 2018 to \$38.4 million in 2019. The increase is mainly due to the full year-effect of the loans associated with the three vessels added to the fleet in latter part of 2018 and a non-cash expense of about \$1.7 million related to the remaining borrowing cost under the Credit Facility that was repaid on February 12, 2019.

Other financial expenses decreased by \$10.6, or 71.4%, from \$14.8 million in 2018 to \$4.2 million in 2019 mainly due an expense related to fair value change of \$3.2 million for Investment Securities, offset by the cancellation of the Backstop facility in 2018 and expense of the associated fees of \$13.4 million.

Please see Item 5. Operating and Financial Review and Prospects H. Critical Accounting Estimates for further information.

#### YEAR ENDED DECEMBER 31, 2018 COMPARED TO YEAR ENDED DECEMBER 31, 2017

<i>All figures in USD '000</i>	Years Ended December 31,		Variance
	2018	2017	
Voyage Revenue	289,016	297,141	(2.7%)
Voyage Expenses	(165,012)	(142,465)	15.8%
Vessel Operating Expenses	(80,411)	(87,663)	(8.3%)
Impairment Loss on Vessels	(2,168)	(110,480)	(98.0%)
Impairment Loss on Goodwill	-	(18,979)	N/A
Loss from Disposal of Vessels	(6,619)	-	N/A
General and Administrative Expenses	(12,727)	(12,575)	1.2%
Depreciation Expenses	(60,695)	(100,669)	(39.7%)
<b>Net Operating Loss</b>	<b>(38,616)</b>	<b>(175,690)</b>	<b>(78.0%)</b>
Interest Income	334	347	(3.7%)
Interest Expenses	(34,549)	(20,464)	68.8%
Other Financial Expenses	(14,808)	(727)	1,936.9%
Equity Loss from Associate	(7,667)	(8,435)	(9.1%)
<b>Net (Loss) Income</b>	<b>(95,306)</b>	<b>(204,969)</b>	<b>(53.5%)</b>