

2020 BULKERS

**Unaudited Condensed Consolidated Financial Statements for the three and twelve months ended
December 31, 2020**

2020 Bulkera Ltd. and subsidiaries
Unaudited Condensed Consolidated Statements of Operations

	3 months to December 31, 2020	3 months to December 31, 2019	12 months to December 31, 2020	12 months to December 31, 2019
(In millions of US\$ except per share data)				
Operating revenues				
Time charter revenues	14.6	6.9	48.9	9.1
Total operating revenues	14.6	6.9	48.9	9.1
Operating expenses				
Vessel operating expenses	(4.0)	(1.8)	(13.2)	(2.1)
Voyage expenses and commission	(0.2)	(0.2)	(1.2)	(0.2)
General and administrative expenses	(1.3)	(1.4)	(3.5)	(4.7)
Depreciation and amortization	(2.9)	(1.0)	(9.9)	(1.2)
Total operating expenses	(8.4)	(4.4)	(27.8)	(8.2)
Operating profit	6.2	2.5	21.1	0.9
Financial expenses, net				
Interest expense, net of capitalised interest	(2.6)	(0.5)	(9.6)	(0.5)
Write off deferred loan costs	-	(0.8)	-	(0.8)
Other financial income (expense)	-	0.1	(0.4)	0.1
Total financial expenses, net	(2.6)	(1.2)	(10.0)	(1.2)
Net income (loss) before income taxes	3.6	1.3	11.1	(0.3)
Income tax	-	(0.1)	-	(0.1)
Net income (loss)	3.6	1.2	11.1	(0.4)
Per share information:				
Basic earnings (loss) per share	0.16	0.06	0.50	(0.02)
Diluted earnings (loss) per share	0.16	0.06	0.50	(0.02)
Consolidated Statements of Comprehensive income (loss)				
Net profit (loss)	3.6	1.2	11.1	(0.4)
Unrealized gain (loss) on interest rate swaps	0.6	-	(1.3)	-
Translation adjustments	-	-	(0.1)	-
Other comprehensive income (loss)	0.6	-	(1.4)	-
Total comprehensive income (loss)	4.2	1.2	9.7	(0.4)

See accompanying notes that are an integral part of these Unaudited Condensed Consolidated Financial Statements

2020 Bulkera Ltd. and subsidiaries

Unaudited Condensed Consolidated Balance Sheets

	December 31,	December 31,
(In millions of US\$)	2020	2019 (audited)
ASSETS		
Current assets		
Cash and cash equivalents	19.9	20.1
Restricted cash	0.1	0.1
Trade receivables	0.6	0.9
Accrued revenues	0.1	-
Other current assets	2.5	1.8
Total current assets	23.2	22.9
Long term assets		
Vessels and equipment, net	372.3	188.8
Newbuildings	-	69.5
Other long-term assets	0.2	1.9
Total long-term assets	372.5	260.2
Total assets	395.7	283.1
LIABILITIES AND EQUITY		
Current liabilities		
Current portion of long-term debt	14.8	8.1
Accounts payable	0.6	0.7
Accrued expenses	3.0	2.7
Declared cash distribution	0.9	-
Other current liabilities	1.7	1.2
Total current liabilities	21.0	12.8
Long term liabilities		
Long-term debt	231.2	132.0
Other long-term liabilities	1.4	0.2
Total long-term liabilities	232.6	132.2
Commitments and contingencies		
Equity		
Common shares of par value US\$1.0 per share: authorized 75,000,000 (2019:75,000,000). Issued and outstanding 22,170,906 (2019: 22,170,906)	22.2	22.2
Additional paid-in capital	105.7	120.2
Contributed surplus	11.2	-
Accumulated other comprehensive loss	(1.4)	-
Retained earnings (Accumulated deficit)	4.4	(4.3)
Total shareholders' equity	142.1	138.1
Total liabilities and shareholders' equity	395.7	283.1

See accompanying notes that are an integral part of these Unaudited Condensed Consolidated Financial Statements

2020 Bulkera Ltd. and subsidiaries
Unaudited Condensed Consolidated Statements of Cash Flows

(In millions of US\$)	3 months to December 31, 2020	3 months to December 31, 2019	12 months to December 31, 2020	12 months to December 31, 2019
Net income (loss)	3.6	1.2	11.1	(0.4)
Share based compensation	0.1	0.3	0.5	1.6
Depreciation and amortization	2.9	1.1	9.9	1.3
Write off deferred loan costs	-	0.8	-	0.8
(Increase) decrease in accounts receivable	(0.5)	(0.3)	0.3	(0.9)
Increase (decrease) in accrued revenues	0.1	-	(0.1)	-
Increase (decrease) in accounts payable	(0.1)	0.2	(0.1)	0.5
Change in other current items related to operating activities	0.9	1.9	0.2	2.4
Change in other long-term items related to operating activities	-	(0.1)	-	(0.2)
Net cash provided by operating activities	7.0	5.1	21.8	5.1
Investing activities				
Short term loan	0.8	-	0.8	(0.9)
Additions to newbuildings	-	(2.1)	(124.0)	(125.4)
Net cash provided by (used in) investing activities	0.8	(2.1)	(123.2)	(126.3)
Financing activities				
Proceeds, net of deferred loan costs, from issuance of long-term debt	-	21.6	118.9	86.4
Repayment of long-term debt	(3.7)	(5.9)	(12.4)	(5.9)
Dividends paid / cash distribution	(3.6)	(3.0)	(5.3)	(3.0)
Net proceeds from share issuances	-	-	-	63.6
Net cash provided by (used in) financing activities	(7.3)	12.7	101.2	141.1
Net increase (decrease) in cash and cash equivalents and restricted cash	0.5	15.7	(0.2)	19.9
Cash and cash equivalents and restricted cash at beginning of period	19.5	4.5	20.2	0.3
Cash and cash equivalents and restricted cash at end of period	20.0	20.2	20.0	20.2
Supplemental disclosure of cash flow information				
Non-cash settlement of convertible debt	-	-	-	(8.0)
Non-cash share issuance	-	-	-	8.0
Non-cash payment in respect of newbuildings	-	(60.8)	-	(65.1)
Issuance of debt as non-cash settlement for newbuild delivery instalment	-	60.8	-	65.1
Interest paid, net of capitalised interest	(2.2)	-	(7.8)	-
Income taxes paid	-	-	-	-

See accompanying notes that are an integral part of these Unaudited Condensed Consolidated Financial Statements

2020 Bulkera Ltd. and subsidiaries

Unaudited Condensed Consolidated Statements of Changes in Shareholders' Equity

	Number of shares	Share capital	Additional paid-in capital	Contributed surplus	Other compre- hensive loss	Retained earnings (deficit)	Total equity
(In millions of US\$, except number of shares)							
Consolidated balance as of December 31, 2018	14 070 906	14.1	55.1	-	-	(0.9)	68.3
Issue of common shares	8 100 000	8.1	65.1	-	-	-	73.2
Equity issuance costs	-	-	(1.6)	-	-	-	(1.6)
<i>Other transactions:</i>							
Share based compensation	-	-	1.3	-	-	-	1.3
Total comprehensive loss for the period	-	-	-	-	-	(1.6)	(1.6)
Consolidated balance as of September 30, 2019	22 170 906	22.2	119.9	-	-	(2.5)	139.6
Dividends	-	-	-	-	-	(3.0)	(3.0)
Share based compensation	-	-	0.3	-	-	-	0.3
Total comprehensive income for the period	-	-	-	-	-	1.2	1.2
Consolidated balance as of December 31, 2019	22 170 906	22.2	120.2	-	-	(4.3)	138.1
Dividends	-	-	-	-	-	(2.4)	(2.4)
Transfer	-	-	(15.0)	15.0	-	-	-
Share based compensation	-	-	0.4	-	-	-	0.4
Total comprehensive income for the period	-	-	-	-	(2.0)	7.5	5.5
Consolidated balance as of September 30, 2020	22 170 906	22.2	105.6	15.0	(2.0)	0.8	141.6
Cash distributions	-	-	-	(3.8)	-	-	(3.8)
Share based compensation	-	-	0.1	-	-	-	0.1
Total comprehensive income for the period	-	-	-	-	0.6	3.6	4.2
Consolidated balance as of December 31, 2020	22 170 906	22.2	105.7	11.2	(1.4)	4.4	142.1

See accompanying notes that are an integral part of these Unaudited Condensed Consolidated Financial Statements

2020 Bulkiers Ltd. and subsidiaries

Notes to the Unaudited Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

2020 Bulkiers Ltd. (together with its subsidiaries, the “Company” or the “Group” or “2020 Bulkiers”) is a limited liability company incorporated in Bermuda on 26 September 2017. The Company’s shares are traded on Oslo Børs under the ticker “2020”.

2020 Bulkiers is an international owner and operator of large dry bulk vessels. The Group has eight Newcastlemax dry bulk vessels in operation.

Basis of presentation

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The condensed consolidated financial statements include the assets and liabilities of the parent company and wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation.

2. ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed consolidated financial statements are consistent with those followed in the preparation of the Company’s consolidated financial statements for the year ended December 31, 2019, except for interest rate hedging and as described in note 3.

Interest rate hedging

The interest rate swaps are recognized at fair value. All the interest rate swaps are designated for hedge accounting. Gains or losses on the hedging instrument are recognized in other comprehensive income (loss), to the extent that the hedge is determined to be effective. All other gains or losses are recognized immediately in the condensed consolidated statements of operations.

The fair values of the interest rate swaps are disclosed in note 14. The fair value of the interest rate swaps is recognized and presented as a current asset or liability for maturity equal to or less than 12 months and a non-current asset or liability for maturity exceeding 12 months.

3. RECENTLY ISSUED ACCOUNTING STANDARDS

Adoption of new accounting standards

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which revises guidance for the accounting for credit losses on financial instruments within its scope. The new standard introduces an approach, based on expected losses, to estimate credit losses on certain types of financial instruments and modifies the impairment model for available-for-sale debt securities. The guidance became effective January 1, 2020, with early adoption permitted. Entities are required to apply the standard’s provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is adopted. The adoption, effective January 1, 2020, did not have a material impact on the condensed consolidated financial statements and related disclosures.

ASU 2020-04 Reference Rate Reform (Topic 848) - Facilitation of the Effects of Reference Rate Reform on Financial Reporting. The amendments provide temporary optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The applicable expedients for us are in relation to modifications of contracts within the scope of Topics 310, Receivables, 470, Debt, and Topic 842, Leases. This optional guidance has been adopted prospectively from April 1, 2020.

ASU 2018-13 Fair Value Measurement (Topic 820): Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement removes some disclosure requirements relating to transfers between Level 1 and Level 2 of the FV hierarchy and introduces new disclosure requirements for Level 3 measurements. Date of adoption was January 1, 2020 and it did not have a material impact on the condensed consolidated financial statements and related disclosures.

4. INCOME TAXES

Bermuda

2020 Bulksh Ltd. is incorporated in Bermuda. Under current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. 2020 Bulksh Ltd. have received written assurance from the Minister of Finance in Bermuda that, in the event of any such taxes being imposed, the Company will be exempted from taxation until March 31, 2035.

Other jurisdictions

Our subsidiary in Norway is subject to income tax. The Group does not have any unrecognized tax benefits, accrued interest or penalties relating to income taxes.

5. SEGMENT INFORMATION

Our chief operating decision maker, or the CODM, being our Board of Directors, measures performance based on our overall return to shareholders based on consolidated net income. The CODM does not review a measure of operating result at a lower level than the consolidated group and we only have one reportable segment. Our vessels operate worldwide and therefore management will not evaluate performance by geographical region as this information is not meaningful.

6. REVENUES

The Company recognized revenues from time charter contracts (described in note 9) for all eight vessels in the fourth quarter of 2020. Accrued revenues of US\$0.1 million were recognized as of December 31, 2020. The Company has invoiced US\$1.2 million to customers which is not earned as of December 31, 2020 and the amount is recognized as other current liabilities.

7. INTEREST EXPENSE

	3 months to December 31, 2020	3 months to December 31, 2019	12 months to December 31, 2020	12 months to December 31, 2019
(In millions of US\$)				
Interest expense, gross	(2.6)	(1.7)	(10.5)	(2.0)
Capitalized interest, newbuildings	-	1.2	0.9	1.5
Total	(2.6)	(0.5)	(9.6)	(0.5)

8. EARNINGS PER SHARE

	3 months to December 31, 2020	3 months to December 31, 2019	12 months to December 31, 2020	12 months to December 31, 2019
(In US\$, except share numbers)				
Basic earnings (loss) per share	0.16	0.06	0.50	(0.02)
Diluted earnings (loss) per share	0.16	0.06	0.50	(0.02)
Issued ordinary shares at the end of the period	22 170 906	22 170 906	22 170 906	22 170 906
Weighted average number of shares outstanding - basic	22 170 906	22 170 906	22 170 906	18 927 774
Weighted average number of shares outstanding - diluted	22 170 906	22 170 906	22 170 906	18 927 774

9. LEASES

Lessor

The Company has the following vessels on operating lease contracts:

Vessel	Contract start	Charterer	Charter expiry	Gross rate/day, US\$
Bulk Sandefjord	13-Aug-2019	Koch Shipping	Aug 22	14 378 + scrubber benefit (1 Jun to 31 Dec 2020), index linked + premium + scrubber benefit
Bulk Santiago	21-Sep-2019	Koch Shipping	Nov 21 - Jan 22	19 525 (until 15 Dec 2020), index linked + premium + scrubber benefit
Bulk Seoul	1-Nov-2019	Koch Shipping	Dec 21 - Feb 22	22 250 (until 31 Dec 2020), index linked + premium + scrubber benefit
Bulk Shanghai	9-Nov-2019	Glencore	Mar - Jun 21	18 000 + scrubber benefit
Bulk Shenzhen	10-Jan-2020	Glencore	Jan 21	21 919
Bulk Sydney	23-Jan-2020	Koch Shipping	Jan 23	14 002 + scrubber benefit (1 Jun to 31 Dec 2020), index linked + premium + scrubber benefit
Bulk Sao Paulo	6-Jun-2020	Glencore	May-July 23	Index linked + premium + scrubber benefit
Bulk Santos	18-Jun-2020	Glencore	May-July 23	Index linked + premium + scrubber benefit

Lessee

Effective January 1, 2019, the Company entered into a long-term lease contract for an office in Oslo. This contract was terminated May 1, 2020. Effective January 1, 2020, the Company leased additional office space in Oslo. The right-of-use asset as of December 31, 2020 was US\$0.2 million and the corresponding lease liability was US\$0.2 million. The amortization of right of use assets relating to office lease is presented under Depreciation and Amortization in the condensed consolidated statements of operations.

10. VESSELS AND EQUIPMENT, NET AND NEWBUILDINGS

(In millions of US\$)	Newbuildings	Vessels and equipment, net	Total
Cost as of December 31, 2018	68.4	-	68.4
Capital expenditures	189.6	-	189.6
Capitalized interest	1.5	-	1.5
Transfers to vessels and equipment, net	(190.0)	190.0	-
Cost as of December 31, 2019	69.5	190.0	259.5
Capital expenditures	122.8	0.2	123.0
Capitalized interest	0.9	-	0.9
Transfers to vessels and equipment, net	(193.2)	193.2	-
Cost as of December 31, 2020	-	383.4	383.4
Accumulated depreciation as of December 31, 2019	-	1.2	1.2
Depreciation	-	9.9	9.9
Accumulated depreciation as of December 31, 2020	-	11.1	11.1
Balance as of December 31, 2019	69.5	188.8	258.3
Balance as of December 31, 2020	-	372.3	372.3

In January 2020, the Company took delivery of the Bulk Shenzhen, a Newcastlemax dry bulk newbuilding. Upon delivery, the Company paid the delivery instalment of US\$30.4 million and utilized US\$30 million of the term loan facility (see note 13).

In January 2020, the Company took delivery of the Bulk Sydney, a Newcastlemax dry bulk newbuilding. Upon delivery, the Company paid the delivery instalment of US\$30.4 million and utilized US\$30 million of the term loan facility (see note 13).

In June 2020, the Company took delivery of the Bulk Sao Paulo, a Newcastlemax dry bulk newbuilding. Upon delivery, the Company paid the delivery instalment of US\$30.4 million and utilized US\$30 million of the term loan facility (see note 13).

In June 2020, the Company took delivery of the Bulk Santos, a Newcastlemax dry bulk newbuilding. Upon delivery, the Company paid the delivery instalment of US\$30.4 million and utilized US\$30 million of the term loan facility (see note 13).

11. OTHER LONG-TERM ASSETS

	December 31,	December 31,
(In millions of US\$)	2020	2019
Deferred loan costs	-	1.7
Right-of-use asset	0.2	0.2
Total	0.2	1.9

12. RELATED PARTY TRANSACTIONS

In April 2019, the Company entered into a short-term convertible debt agreement of US\$8.0 million with the shareholders Drew Holdings Ltd., Ubon AS, Titan Credit Master Fund and MH Capital AS (a company owned by Magnus Halvorsen). The convertible debt was converted to shares in the private placement completed on May 23, 2019.

In May 2019, the Company entered into a short-term loan agreement of US\$360.0 thousand with MH Capital AS. The short-term loan was settled as part of MH Capital AS subscription of shares in the private placement completed on May 23, 2019.

In June 2019, the Company provided Magnus Halvorsen an interest-bearing loan of US\$945,827. The loan was fully repaid during 2020.

In July 2019, the Company signed a Revolving Credit Facility Agreement of US\$5.5 million with Drew Holdings Ltd. The Revolving Credit Facility agreement was cancelled during the fourth quarter of 2019.

13. DEBT

	December 31,	December 31,
(In millions of US\$)	2020	2019
<i>Pledged</i>		
Term loan Tranche I ("Bulk Sandefjord"), balloon payment August 2024	27.9	29.6
Term loan Tranche II ("Bulk Santiago"), balloon payment August 2024	27.9	29.6
Term loan Tranche V ("Bulk Shenzhen"), balloon payment August 2024	28.7	-
Term loan Tranche VI ("Bulk Sydney"), balloon payment August 2024	28.7	-
Term loan Tranche VII ("Bulk Sao Paulo"), balloon payment August 2024	29.2	-
Term loan Tranche VIII ("Bulk Santos"), balloon payment August 2024	29.2	-
<i>Other long term debt</i>		
Vessel financing ("Bulk Seoul")	39.2	41.6
Vessel financing ("Bulk Shanghai")	39.2	41.6
Long-term debt, gross	250.0	142.4
Less current portion long term debt	(14.8)	(8.1)
Less deferred loan costs	(4.0)	(2.3)
Total long-term debt	231.2	132.0

Term loan facility

In February 2019, the Company signed a term loan facility agreement for US\$240 million of bank financing for its newbuilding program. When the Company entered into the sale and leaseback arrangement with Ocean Yield (described below), the Company cancelled two tranches each of US\$30 million. The term loan facility carries an interest of Libor+250 bps, has an 18-year

repayment profile for the principle amount and a balloon repayment in August 2024. The term loan facility contains financial covenants for the Group (i) value adjusted equity shall be equal to or higher than 30% of value adjusted total assets, working capital (defined as consolidated current assets minus consolidated current liabilities (excluding current portion of long term debt and subordinated shareholder loans)) shall at all times be no less than US\$0 and free and available cash shall at all times be higher of (a) US\$1.25 million per delivered vessel and (b) 5% of total debt. If a dividend is paid, available cash shall be higher of (a) US\$2.25 million per delivered vessel and (b) 7.5% of total debt on a pro-forma basis after such distribution. As of December 31, 2020, we were compliant with the covenants and our obligations under our term loan facility agreement. The vessels are pledged upon draw down of the loan facility, with cross collateral agreements in place upon each vessel within the term loan facility.

In April 2020, the Company entered into interest rate swap agreements for a notional amount of approximately US\$177 million, effectively securing an all-in interest rate of approximately 3% for the outstanding loan under the term loan facility. The notional amounts in the interest rate swaps have the same amortization profile as the term loan facility.

Sale and leaseback arrangement

In October 2019, the Company entered into a sale and leaseback arrangement with Ocean Yield for its two Newcastlemax vessels, Bulk Seoul and Bulk Shanghai. The vessels were delivered from the yard on 30 October 2019 and 6 November 2019, respectively, and were at delivery sold to Ocean Yield for a price per vessel of US\$42 million, net of a US\$5 million sellers' credit. The vessels have been chartered back to the Company on thirteen years bareboat charters which include a purchase obligation at the end of the respective charter periods and certain options to either sell or acquire the vessels during the charter periods. The bareboat charter hire is US\$6,575 per day plus an adjustment based on LIBOR plus a margin of 450 basis points. Since the Company has purchase obligations at the end of the charter periods, the Company has accounted for the transaction as a financing arrangement. The Company has pledged the shares in the subsidiaries chartering the vessels back from Ocean Yield and issued certain guarantees in line with standard terms contained in sale and leaseback transactions.

The outstanding debt as of December 31, 2020 is repayable as follows:

(In millions of US\$)	
2021	14.8
2022	14.8
2023	14.8
2024	146.4
Thereafter	59.2
	250.0

14. FINANCIAL ASSETS AND LIABILITIES

Foreign currency risk

The majority of our transactions, assets and liabilities are denominated in United States dollars. However, we incur expenditure in currencies other than United States dollars, mainly in Norwegian Kroner. There is a risk that currency fluctuations in transactions incurred in currencies other than the functional currency will have a negative effect of the value of our cash flows. We are then exposed to currency fluctuations and we may enter into foreign currency swaps to mitigate such risk exposures.

Fair values

The guidance for fair value measurements applies to all assets and liabilities that are being measured and reported on a fair value basis. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. The same guidance requires that assets and liabilities carried at fair value should be classified and disclosed in one of the following three categories based on the inputs used to determine its fair value:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

The carrying value and estimated fair value of our cash and financial instruments are as follows:

(In millions of US\$)	Hierarchy	December 31, 2020	December 31, 2019
<i>Assets</i>			
Cash and cash equivalents	1	19.9	20.1
Restricted cash	1	0.1	0.1
Other current assets (interest rate swaps)	2	0.2	-
<i>Liabilities</i>			
Current portion of long-term debt	2	14.8	8.1
Long-term debt*	2	231.2	132.0
Other long-term liabilities (interest rate swaps)	2	1.2	-
Other current liabilities (interest rate swaps)	2	0.3	-

*Fair value of long-term debt is estimated at US\$235.2 million and US\$134.3 million as of December 31, 2020 and December 31, 2019, respectively, as the numbers in the table are presented net of deferred loan costs.

Financial instruments included in the consolidated accounts within 'Level 1 and 2' of the fair value hierarchy are valued using quoted market prices, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency.

There have been no transfers between different levels in the fair value hierarchy during the periods presented.

Concentrations of risk

There is a concentration of credit risk with respect to cash and cash equivalents to the extent that nearly all of the amounts are carried with Danske Bank. However, we believe this risk is remote, as Danske Bank is an established financial institution.

15. SHARE BASED PAYMENT COMPENSATION

In January 2019, the Board of Directors established a long-term incentive plan and approved a grant of 740,000 options to employees and directors. Further, 740,000 of the Company's authorized but unissued share capital was allocated for this purpose. The share options will have a five-year term and will vest equally one quarter every six months commencing on June 30, 2019 over a two year vesting period. The exercise price is US\$10.0 and will be reduced with any dividends paid. The total estimated cost is approximately US\$2.1 million and will be expensed over the requisite service period. US\$0.1 and US\$0.5 million have been expensed for the three and twelve months ended December 31, 2020, respectively.

16. COMMITMENTS AND CONTINGENCIES

The Company insures the legal liability risks for its shipping activities with Assuranceforeningen SKULD and Assuranceforeningen Gard Gjensidig, both mutual protection and indemnity associations. As a member of these mutual associations, the Company is subject to calls payable to the associations based on the Company's claims record in addition to the claim records of all other members of the associations. A contingent liability exists to the extent that the claims records of the members of the associations in the aggregate show significant deterioration, which result in additional calls on the members.

To the best of our knowledge, there are no legal or arbitration proceedings existing or pending which have had or may have significant effects on our financial position or profitability and no such proceedings are pending or known to be contemplated.

17. SUBSEQUENT EVENTS

Dividends

In January 2021, the Company declared a cash distribution of US\$0.06 per share for December 2020.

RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

	3 months to December 31, 2020	3 months to December 31, 2019	12 months to December 31, 2020	12 months to December 31, 2019
(In millions of US dollars)				
Operating profit (loss)	6.2	2.5	21.1	0.9
Depreciation and amortization	(2.9)	(1.0)	(9.9)	(1.2)
EBITDA	9.1	3.5	31.0	2.1

	3 months to December 31, 2020	3 months to December 31, 2019	12 months to December 31, 2020	12 months to December 31, 2019
(In millions of US dollars, except per day data)				
Time charter revenues	14.6	6.9	48.9	9.1
Address commission	(0.5)	(0.3)	(1.8)	(0.4)
Time charter equivalent revenues, gross	15.1	7.2	50.7	9.5
Fleet operational days	736	298	2 575	357
Average time charter equivalent rate, gross	20 500	24 100	19 700	26 600

The European Securities and Markets Authority (“ESMA”) issued guidelines on Alternative Performance Measures (“APMs”) that came into force on July 3, 2016. The Company has defined and explained the purpose of the following APMs:

EBITDA, when used by the Company, means operating profit (loss) excluding depreciation and amortization. The Company has included EBITDA as a supplemental disclosure because the Company believes that the measure provides useful information regarding the Company’s ability to service debt and pay dividends and provides a helpful measure for comparing its operating performance with that of other companies.

Average time charter equivalent rate, gross, when used by the Company, means time charter revenues excluding address commission and divided by operational days. The Company has included Average time charter equivalent rate, gross as a supplemental disclosure because the Company believes that the measure provides useful information regarding the fleets’ daily income performance.