PIONEER MARINE INC.
AND ITS SUBSIDIARIES

Consolidated Financial Statements
Year ended December 31, 2020

Index to audited consolidated financial statements

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Building a better working world

To the Shareholders and the Board of Directors of Pioneer Marine Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Pioneer Marine Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, the related consolidated statements of comprehensive (loss)/income, shareholders' equity and cash flows for the years then ended, 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, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

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 Public Company Accounting Oversight Board (United States) (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 and in accordance with auditing standards generally accepted in the United States of America. 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.

Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as the Company's auditor since 2016.

Athens, Greece
February 26, 2021

Pioneer Marine Inc. and its Subsidiaries
Consolidated balance sheets
(In thousands of U.S. Dollars except per share data)

	Notes	December 31, 2020	December 31, 2019
Assets			
Current assets			
Cash and cash equivalents	3	16,662	16,362
Restricted cash	3	101	237
Trade accounts receivable and accrued revenue		4,181	4,540
Inventories	4	520	1,697
Prepayments and other receivables		608	631
Right of use asset	6	35	26
Assets held for sale	5	-	7,350
Total current assets		**22,107**	**30,843**
Non-Current assets			
Vessels, net	5	137,233	174,635
Other fixed assets	5	33	103
Restricted cash	3	8,670	10,720
Other non-current assets	6	743	531
Total non-current assets		**146,679**	**185,989**
Total assets		**168,786**	**216,832**
Liabilities and shareholders' equity			
Current liabilities			
Accounts payable and accrued liabilities		3,336	4,858
Deferred revenue		783	1,144
Operating lease liability		35	26
Current portion of long-term debt, net of deferred finance costs	8	12,811	17,053
Total current liabilities		**16,965**	**23,081**
Non-current liabilities			
Long term debt, net of deferred finance costs	8	47,930	67,720
Other non-current liabilities	15	183	130
Total non-current liabilities		**48,113**	**67,850**
Total liabilities		**65,078**	**90,931**

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated balance sheets
(In thousands of U.S. Dollars except per share data)

	Notes	December 31, 2020	December 31, 2019
Commitments and contingencies	6	-	-
Shareholders' equity	7		
Common Stock, $0.001 par value; 500,000,000 shares authorized; 25,463,715 issued and outstanding as at December 31, 2020 and 25,463,715 issued and outstanding as at December 31, 2019		30	30
Additional paid in capital		255,225	262,864
Treasury Stock, $0.001 par value, 4,867,832 shares repurchased as at December 31, 2020 and 4,867,832 shares repurchased as at December 31, 2019		(12,331)	(12,331)
Accumulated other comprehensive loss		(24)	-
Accumulated deficit		(139,192)	(124,662)
Total shareholders' equity		**103,708**	**125,901**
Total liabilities and shareholders' equity		**168,786**	**216,832**

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated statements of Comprehensive (Loss)/Income
(In thousands of U.S. Dollars except per share data)

	Notes	Year ended December 31, 2020	Year ended December 31, 2019
Revenue, net	9	**40,884**	**60,707**
Voyage expenses	10	(4,234)	(6,642)
Vessel operating expenses	10	(24,303)	(28,298)
Dry-docking expenses		(31)	(1,067)
Depreciation	5	(7,848)	(9,412)
General and administration expenses		(3,436)	(3,637)
Gain on contract termination	5	1,000	-
(Loss)/gain on vessels disposal	5	(956)	6,778
Write off of inventory	4	(257)	-
Impairment charge	5	(11,496)	-
Other expenses and taxes, net	14	(689)	(731)
Total expenses		**(52,250)**	**(43,009)**
Interest expenses and finance cost, net	11	(3,205)	(5,566)
Interest income		41	320
Net (loss)/income		**(14,530)**	**12,452**
Net (loss)/income per share, basic and diluted- $	13	(0.57)	0.48
Actuarial Loss		(24)	-
Comprehensive (loss)/income		**(14,554)**	**12,452**

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated cash flow statements
(In thousands of U.S. Dollars except per share data)

	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from operating activities		
Net (loss)/ income	(14,530)	12,452
Adjustments to reconcile net (loss)/ income to net cash provided by operating activities:		
Depreciation expense	7,848	9,412
Amortization of deferred finance fees	436	330
Loss/ (gain) on vessel disposal	956	(6,778)
Impairment charge	11,496	-
Write off of inventory	257	-
Gain on contract termination	(1,000)	-
(Increase)/decrease in operating assets:		
Trade accounts receivable and accrued revenue	359	1,159
Inventories	734	(740)
Prepayments and other receivables	23	398
Other non-current assets	(212)	(331)
(Decrease)/increase in operating liabilities:		
Accounts payable and accrued liabilities	(1,520)	782
Deferred revenue	(361)	462
Other noncurrent liabilities	29	-
Net cash provided by operating activities	**4,515**	**17,146**
Cash flows from investing activities		
Payments for vessel acquisitions and improvements	(143)	(555)
Cash proceeds from vessel sale	24,861	18,189
Purchase of other fixed assets	(12)	(71)
Cash received on contract termination	1,000	-
Net cash provided by investing activities	**25,706**	**17,563**

The accompanying notes are an integral part of these consolidated financial statements.

Pioneer Marine Inc. and its Subsidiaries
Consolidated cash flow statements
(In thousands of U.S. Dollars except per share data)

	Year ended December 31, 2020	Year ended December 31, 2019
Cash flows from financing activities		
Payment of deferred finance fees and other loan fees	(50)	(160)
Payment of debt extinguishment fees	-	(21)
Loan repayments and prepayments	(24,418)	(21,209)
Repurchase of common stock	-	(2,609)
Dividends paid	(7,639)	(10,186)
Net cash used in financing activities	**(32,107)**	**(34,185)**
Net (decrease) / increase in cash and cash equivalents	**(1,886)**	**524**
Cash and cash equivalents and Restricted cash at the beginning of the year	27,319	26,795
Cash and cash equivalents and Restricted cash at the end of the year	**25,433**	**27,319**
Reconciliation of cash, cash equivalents and restricted cash		
Current assets:		
Cash and cash equivalents	16,662	16,362
Restricted cash	101	237
Non- current assets		
Restricted cash	8,670	10,720
Total cash, cash equivalents and restricted cash	**25,433**	**27,319**
Supplemental disclosure of cash flow information		
Cash interest paid, net of capitalised interest	2,799	5,287

The accompanying notes are an integral part of these consolidated financial statements

Pioneer Marine Inc. and its Subsidiaries
Consolidated statements of shareholders' equity
(In thousands of U.S. Dollars except per share data)

	Number of shares	Common stock	Additional paid in capital	Accumulated other comprehensive income/(loss)	Treasury stock	Accumulated deficit	Total
Balance January 1, 2019	**26,290,485**	**30**	**273,050**	**-**	**(9,722)**	**(137,114)**	**126,244**
Repurchase of common stock, net	(826,770)	-	-	-	(2,609)	-	**(2,609)**
Dividends paid	-	-	(10,186)	-	-	-	**(10,186)**
Net income	-	-	-	-	-	12,452	**12,452**
Balance, December 31, 2019	**25,463,715**	**30**	**262,864**	**-**	**(12,331)**	**(124,662)**	**125,901**
Dividends paid (Note 7)	-	-	(7,639)	-	-	-	**(7,639)**
Other comprehensive loss (Note 15)	-	-	-	(24)	-	-	**(24)**
Net loss	-	-	-	-	-	(14,530)	**(14,530)**
Balance, December 31, 2020	**25,463,715**	**30**	**255,225**	**(24)**	**(12,331)**	**(139,192)**	**103,708**

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presentation and General Information:

Pioneer Marine Inc. together with its subsidiaries is an international provider of marine transportation of dry bulk commodities on geared Handysize carriers. Pioneer Marine Inc. was incorporated in the Republic of the Marshall Islands on February 14, 2014.

As of December 31, 2020 Pioneer, Marine Inc. owns 100% of the interests of the following subsidiaries:

Company name	Date of incorporation
Pioneer Marine LLC (1)	September 12, 2013
Pioneer Marine Trading LLC (1)	September 23, 2013
Pioneer Marine Acquisitions LLC (1)	September 24, 2013
Pioneer Marine Advisers Pte Ltd. (2)	September 24, 2013
Bay Trading LLC (1)	November 12, 2013
Way Point Marine Inc. (1)	July 24, 2014
Pioneer Marine Hellas SA (1)	July 25, 2014
Pioneer Chartering SA (1)	December 16, 2014
Pioneer Marine Commercial SA (1)	July 5, 2019

Vessel owning companies

Name	Date of incorporation	Vessel acquisition date	Vessel name	DWT (4)	Year built
PNR Guoyu II, LLC (1)	September 18, 2013	January 7, 2016	Kite Bay	38,419	2016
PNR Marine Trading I LLC (1)	September 23, 2013	November 1, 2013	Reunion Bay	32,354	2006
PNR Marine Trading III LLC (1)	September 23, 2013	December 2, 2013	Eden Bay	28,342	2008
PNR Marine Trading V LLC (1)	November 5, 2013	December 2, 2013	Mykonos Bay	32,411	2009
PNR Marine Trading VI LLC (1)	November 5, 2013	January 27, 2014	Emerald Bay	32,258	2008
PNR Marine Trading VIII LLC (1)	December 11, 2013	January 17, 2014	Teal Bay	32,327	2007
PNR Marine Trading X LLC (1)	December 11, 2013	February 14, 2014	Ha Long Bay	32,311	2007
PNR Marine Trading XI LLC (1)	February 6, 2014	April 22, 2014	Jupiter Bay	30,153	2012
PNR Marine Trading XII LLC (1)	February 6, 2014	March 31, 2014	Venus Bay	30,003	2012
PNR Marine Trading XIII LLC (1)	February 6, 2014	March 25, 2014	Orion Bay	30,009	2012
PNR Resolute LLC (1)	September 14, 2016	October 11, 2016	Resolute Bay	36,767	2012
PNR Monterey LLC (1)	April 3,2018	June 5, 2018	Monterey Bay	36,887	2013
PNR Alsea LLC (1)	April 3,2018	June 18, 2018	Alsea Bay	36,892	2011
PNR Liberty LLC (1)	April 3,2018	July 2,2018	Liberty Bay	36,892	2012

(1) Incorporated under the laws of the Republic of the Marshall Islands.
(2) Incorporated under the laws of Singapore.
(3) Incorporated under the laws of India.
(4) DWT: Dead Weight Ton, a standard measure for dry bulk carriers indicating how much weight a ship can carry.

1. Basis of Presentation and General Information- continued:

Dormant Companies

Name	**Date of incorporation**	**Date of cancellation**	**Date of Vessel Disposal**
PNR Marine Trading VII LLC (1)	November 5, 2013	November 1, 2019	April 3, 2017
PNR Marine Trading II LLC (1	September 23, 2013	-	April 10,2019
PNR Marine Trading IX LLC (1)	December 11, 2013	-	January 17, 2020
PNR Guoyu I, LLC (1)	September 18, 2013	-	August 13, 2020
PNR Marine Trading IV LLC (1	September 23, 2013	-	October 23, 2020
PNR Tenacity LLC (1)	April 1, 2014	-	December 18,2019
Pioneer Marine Advisers India Pvt Ltd (3)	June 11, 2014	October 19, 2020	-

(1) Incorporated under the laws of the Republic of the Marshall Islands.
(2) Incorporated under the laws of Singapore.
(3) Incorporated under the laws of India.

The Company outsources the technical management and crew management of its vessels to third-party ship managers. Commercial vessel management is performed by in-house personnel. The Company also offers commercial management services to third party companies.

Covid-19 Outbreak: The outbreak of the COVID-19 virus has had a negative effect on the global economy and has adversely impacted the international dry-bulk shipping industry into which the Company operates. As of December 31, 2020, and in light of the COVID-19 outbreak the Company has evaluated, by applying the provisions of ASU 2014-15, 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 financial statements are issued. No such events or circumstances were identified.

However, the situation is rapidly evolving, as pandemic continues its impact on a prolonged basis and, as such, it is difficult to predict the ultimate severity and long-term impact of the pandemic on the industry and the Company at this time. The Company is constantly monitoring the developing situation, as well as its charterers' response to the severe market disruption via cost cutting and rationalization of operations, and is making necessary preparations to address and mitigate, to the extent possible, the impact of COVID-19 to the Company's results of operations and financial condition.

2. Significant Accounting Policies:

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies are set out below.

Principles of consolidation

The consolidated financial statements incorporate the financial statements of the entities listed in Note 1 (the "subsidiaries"). Income and expenses of subsidiaries are included in the consolidated statements of operation from the effective date of acquisition and up to the effective date of disposal, as appropriate. All significant intercompany balances and transactions are eliminated upon consolidation.

Accounting estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Management bases its estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. Significant estimates include the residual value and the useful life of vessels.

2. Significant Accounting Policies- continued:

Going concern

The Company evaluates whether there is substantial doubt about its ability to continue as a going concern by applying the provisions of ASU No. 2014-15. 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 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 within one year from the date the financial statements are issued. As a result, there was no impact in the Company's results of operations, financial position, cash flows or disclosure.

Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and demand deposits with an original maturity of three months or less and which are not restricted for use or withdrawal.

Restricted cash

Restricted cash reflects deposits in retention or restricted accounts with certain banks that can only be used to pay the current loan instalments and interest or are required to be maintained as certain minimum-security deposits and other reserve requirements per mortgaged vessel. Cash required to be maintained as unrestricted liquidity is not considered restricted cash if the relevant account has no restrictions for use or withdrawal.

Statement of Cash Flows

In November 2016, the FASB issued ASU No. 2016-18—Statement of Cash Flows (Topic 230) - Restricted Cash, which addresses the requirement that a statement of cash flows explain the change during the period in the total of cash and cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2017 including interim periods within that reporting period. On January 1, 2018, the Company adopted the aforementioned ASU.

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. 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 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.

2. Significant Accounting Policies- continued:

Trade accounts receivable, net

Trade accounts receivable reflect receivables from charterers for hire, freight and demurrage billings, net of provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. There is a provision of $40 thousand for the year ended December 31, 2020 ($24 thousand as of December 31, 2019)

Foreign currencies

The consolidated financial statements of the Company are presented in U.S. dollars which is the functional currency of Pioneer Marine Inc. and its subsidiaries because the Company's vessels operate in international shipping markets and therefore primarily transact business in U.S. dollars.

Transactions in currencies other than the U.S. dollar are recorded at the rate of exchange prevailing on the dates of the transactions. Any change in exchange rate between the date of recognition and the date of settlement may result in a gain or loss which is recognized in the consolidated statement of Comprehensive (Loss)/Income as incurred. At the end of each reporting period, monetary assets and liabilities denominated in a currency other than the functional currency are retranslated into U.S. dollars at rates prevailing at that date and all resulting exchange differences are recognized in the consolidated statement of Comprehensive (Loss)/Income.

Inventories

Inventories consist of bunker fuel on board when vessels are unemployed or are operating under voyage charters and lubricating oils on board vessels. Inventories are stated at the lower of cost and net realizable value. Cost is determined using the first in first out method. Stores and spares are charged to vessel operating costs when purchased.

Staff Leaving Indemnities - Administrative Personnel

The Company's office administrative employees are entitled to termination payments in the event of dismissal or retirement with the amount of payment varying in relation to the employees' compensation, length of service and manner of termination (dismissed or retired). Such plans are not funded and are defined benefit plans in accordance with ASC 715. Employees who resign, or are dismissed with cause, are not entitled to termination payments. The company charges the accrued benefits in each period with a corresponding increase in Other non-current liabilities. The liabilities of the Company arising from the obligation to pay termination indemnities are determined through actuarial study, conducted by independent actuaries. (refer to Note 15).

2. Significant Accounting Policies- continued:

Vessels, net

Vessels are stated at cost, less impairment and accumulated depreciation. The cost of vessels purchased consists of the contract price, less discounts, plus any direct expenses incurred upon acquisition, broker commission paid, delivery expenses and other expenditures to prepare the vessel for initial voyage. Subsequent expenditures for conversion and major improvements are also capitalised when they appreciably extend the life, increases the earnings capacity or improve the efficiency or safety of the vessels.

Until December 31, 2019, the Company depreciated its vessels 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 $250 per lightweight ton. From January 1, 2020, the assumed value of scrap steel for the purpose of estimating the residual values of vessels is calculated at $300 per lightweight ton. The Company has taken this decision as steel prices and related scrap values have increased over the past twenty years as well taking into consideration the shipping market trends. The impact of the increase in the scrap price used in the estimation of residual values will be a decrease in depreciation expense going forward. The effect of this change in accounting estimate, which did not require retrospective application as per ASC 250 "Accounting Changes and Error Corrections," is the decrease of net loss for the year ended December 31, 2020 by $399 thousands.

Advances for vessel acquisitions and vessels under construction.

Advances paid for vessel acquisitions and vessels under construction are presented at cost, less identified impairment losses, if any. Advances for vessel acquisition include advances and other directly attributable costs, including commissions, if any. Advances for vessels under construction include shipyard instalment payments and other costs incurred during the construction period that are directly attributable to the acquisition or construction of the vessels, net of any commissions or discounts received from the shipyard and include interest costs incurred during the construction period. Vessels under construction are not depreciated until such time as they are ready for use. On delivery of the vessel, the related cost is transferred to vessels and accounted for in accordance with the accounting policy for vessels.

Long lived assets held for sale.

The Company classifies long lived assets and disposal groups as being held for sale in accordance with ASC 360, Property, Plant and Equipment, when: (i) management, having the authority to approve the action, commits to a plan to sell the asset; (ii) the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets; (iii) an active program to locate a buyer and other actions required to complete the plan to sell the asset have been initiated; (iv) the sale of the asset is probable, and transfer of the asset is expected to qualify for recognition as a completed sale, within one year; (v) the asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value and (vi) actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. Long lived assets classified as held for sale 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.

When the Company concludes a Memorandum of Agreement for the disposal of a vessel which has yet to complete a time charter, it is considered that the held for sale criteria discussed above are not met until the time charter has been completed as the vessel is not available for immediate sale. As a result, such vessels are not classified as held for sale.

When the Company concludes a Memorandum of Agreement for the disposal of a vessel which has no time charter to complete or a contract that is transferable to a buyer, it is considered that the held for sale criteria discussed above are met. As a result, such vessels are classified as held for sale.

As at December 31, 2020 there is no vessel classified as held for sale while as of December 31,2019 M/V Calm Bay was classified as held for sale.

2. Significant Accounting Policies- continued:

Impairment of long-lived assets

The Company reviews its tangible fixed assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

In evaluating useful lives and carrying values of long-lived assets, the Company reviews certain indicators of potential impairment, such as market values, vessel sales and purchases, business plans and overall market conditions. If indicators of impairment are present, the Company performs an analysis of the anticipated undiscounted future net cash flows of the related long-lived assets.

In developing estimates of future undiscounted cash flows, the Company makes assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates, fleet utilization, operating expenses, capital expenditures, residual value and the estimated remaining useful life of each vessel and taking into account historical revenue data and published forecasts on global economic growth and inflation. The Company determines the fair value of its vessels based on third party valuations and the use of available market data.

To the extent impairment indicators are present, the Company determines undiscounted projected net operating cash flows for each vessel and compares them to their carrying value.

If the carrying value of the related asset exceeds the undiscounted future net cash flows, the carrying value is reduced, by recording a charge to operations, to its fair value.

Other comprehensive income/(loss)

The Company follows the accounting guidance relating to comprehensive income, which requires separate presentation of certain transactions that are recorded directly as components of equity. The Company has as of December 31,2020 recognized the amount of $24 thousand as other comprehensive loss.

Financing costs

Financing fees incurred for obtaining new loans and credit facilities are deferred and amortized to interest expense over the respective term of the loan or credit facility using the effective interest rate method. The unamortized financing costs are presented as a direct deduction of the related debt liability in the accompanying consolidated balance sheet. Finance cost related to undrawn facilities are presented as non-current assets in the accompanying consolidate balance sheet.

Debt Modifications and extinguishments

The Company follows the provisions of ASC 470-50, "Modifications and Extinguishments" to account for all modifications or extinguishments of debt instruments, except debt that is extinguished through a troubled debt restructuring (see Subtopic 470-60) or a conversion of debt-to-equity securities of the debtor pursuant to conversion privileges provided in terms of the debt at issuance (see Subtopic 470-20). This subtopic also provides guidance on whether an exchange of debt instruments with the same creditor constitutes an extinguishment and whether a modification of a debt instrument should be accounted for in the same manner as an extinguishment. In circumstances where an exchange of debt instruments or a modification of a debt instrument does not result in extinguishment accounting, this Subtopic provides guidance on the appropriate accounting treatment.

Dry-docking and special survey expenses

Dry-docking and special survey expenses are expensed in the period incurred.

2. Significant Accounting Policies- continued:

Revenue from Contracts with Customers and Expenses

Vessel revenue is comprised of voyage revenue, time charter revenue and revenue from commercial services. On January 1, 2018, the Company adopted ASU 2014-09 (Topic 606) using the modified retrospective method. Its adoption mainly changed the method of recognizing revenue over time for voyage charters from the discharge-to-discharge method to the loading-to-discharge method. Under the loading-to-discharge method the commencement date of each voyage charter shall be deemed to be upon the loading of the current cargo, decreasing the period of time for recognizing revenue for voyages. Demurrage income estimate is included in revenue upon occurrence of the delays only to the extent that is probable that will not be a significant reversal of revenue in future period, using the “most likely amount method”. Despatch will follow the same recognition approach as Demurrage income and both variable considerations will be allocated consistently with the recognition of freight revenue.

With respect to the recognition of voyage charters costs, the related costs (i.e. commissions) continue to be expensed as incurred, on the basis that the Company’s voyage charters do not exceed one year. Under ASC 606, for voyage charters, the Company capitalizes the direct costs, which are voyage expenses, of relocating the vessel to the load port to be amortized during transport of the cargo. At December 31, 2020 and December 31, 2019, the costs related to voyages that were not yet completed were nil.

The Company adopted ASU 2014-09 on January 1, 2018, using the modified retrospective transition method applied to those spot market voyage charter contracts which were not completed as of January 1, 2018.

Leases

On January 1, 2019, the Company adopted ASU No. 2016-02, Leases (ASC 842), as amended from time to time, using the modified retrospective transition method. The Company elected to apply the additional and optional transition method to existing leases at the beginning of the period of adoption through a cumulative effect adjustment to the opening retained earnings as of January 1, 2019. The prior period comparative information has not been restated and continues to be reported under the accounting guidance in effect for those periods (ASC 840), including the disclosure requirements. Also, the Company elected to apply a package of practical expedients under ASC 842, which allowed the Company, not to reassess (i) whether any existing contracts, on the date of adoption, contained a lease, (ii) lease classification of existing leases classified as operating leases in accordance with ASC 840 and (iii) initial direct costs for any existing leases. As all existing contracts with charterers, on January 1, 2019, are operating leases and as the Company did not account for initial direct costs related to existing leases at January 1, 2019, there were no amounts to be recorded as a cumulative effect adjustment to opening retained earnings on January 1, 2019. Additionally, the Company, as lessor, elected to apply the practical expedient, to not separate lease and associated non-lease components, and instead to account for each separate lease component and the associated non-lease components as a single component, as the criteria of the paragraphs ASC 842-10-15-42A through 42B are met. There was no cumulative effect from the adoption of the standard to opening retained earnings as at January 1, 2019.

In addition, following the adoption of ASC 842 the Company has recognized a Right of Use (“ROU”) asset for the operating lease in relation to the office space leased in Athens, Greece. The lease agreement has a term of more than 12 months; thus, the applicable ROU asset and the lease liability were recognized in the accompanying consolidated balance sheet.

The table below presents charterers that represent more than 10% of the Company’s revenue:

% of Company’s charter revenue	**December 31, 2020**	**December 31, 2019**
Charterer A	11%	-
Charterer B	11%	-
Charterer C	-	13%
Charterer D	-	10%

2. Significant Accounting Policies- continued:

Vessel operating expenses

Vessel operating expenses, which include crewing, repairs and maintenance, insurance, spares and consumable stores, lube oils and communication expenses are expensed as incurred.

Additionally, these costs include technical management fees that are payable to our technical ship managers.

Segment reporting

The Company reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers, i.e., spot or time charters. The Company does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability, or other financial information for these charters. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide (subject to certain agreed exclusions) and, as a result, the disclosure of geographic information is impracticable. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus the Company has determined that it operates under one reportable segment.

Earnings per share

Earnings per share are computed in accordance with guidance related to Earnings per Share. Basic earnings per share are calculated by dividing net income available to common shareholders by the basic weighted average number of common shares outstanding during the period. Diluted earnings per share is computed by the treasury stock method whereby all of the Company's dilutive securities are assumed to be exercised and the proceeds used to repurchase common shares are calculated at the weighted average market price of the Company's common stock during the relevant periods. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings per share computation (Note 13).

Recent accounting pronouncement-adopted

In June 2016, the FASB issued **ASU No. 2016-13—Financial Instruments—Credit Losses (Topic 326) -** Measurement of Credit Losses on Financial Instruments. ASU No. 2016-13 amended guidance on reporting credit losses for assets held at amortized cost basis and available for sale debt securities. For public entities, the amendments of this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. Early application is permitted.

Furthermore, in November 2018, the FASB issued ASU 2018-19, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses". The amendments clarify that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases.

In addition, in April 2019, the FASB issued ASU 2019-04, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825 Financial Instruments", the amendments of which clarify the modification of accounting for available for sale debt securities excluding applicable accrued interest, which must be individually assessed for credit losses when fair value is less than the amortized cost basis.

2. Significant Accounting Policies- continued:

Recent accounting pronouncement-adopted- continued:

In May 2019, the FASB issued ASU 2019-05, "Codification Improvements to Topic 326, Financial Instruments—Credit Losses, Financial Instruments—Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825 Financial Instruments", the amendments of which provide entities that have certain instruments within the scope of Subtopic 326-20, Financial Instruments—Credit Losses—Measured at Amortized Cost, with an option to irrevocably elect the fair value option in Subtopic 825-10, Financial Instruments—Overall, applied on an instrument-by-instrument basis for eligible instruments, upon adoption of Topic 326. The fair value option election does not apply to held-to-maturity debt securities. An entity that elects the fair value option should subsequently apply the guidance in Subtopics 820-10, Fair Value Measurement—Overall, and 825-10.

The effective date and transition requirements for the amendments in these Updates are the same as the effective dates and transition requirements in Update 2016-13, as amended by these Updates. The adoption of this guidance has had no impact on the Company's results of operations, cash flows and balance sheet.

In August 2018, the FASB issued **ASU 2018-13, "Fair Value Measurement (Topic 820)—Disclosure Framework—Changes to the Disclosure Requirements for Fair Value Measurement",** which improves the effectiveness of fair value measurement disclosures. In particular, the amendments in this Update modify the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in FASB Concepts Statement, Conceptual Framework for Financial Reporting—Chapter 8: Notes to Financial Statements, including the consideration of costs and benefits. The amendments in the Update apply to all entities that are required under existing GAAP to make disclosures about recurring and non-recurring fair value measurements. ASU 2018-13 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. The adoption of this guidance has had no impact on the Company's results of operations, cash flows and balance sheet.

In October 2018, the FASB **issued ASU 2018-17, "Consolidation (Topic 810)—Targeted Improvements to Related Party Guidance for Variable Interest Entities".** The FASB is issuing this Update in response to stakeholders' observations that Topic 810, Consolidation, could be improved in the following areas: (i) applying the variable interest entity (VIE) guidance to private companies under common control and (ii) considering indirect interests held through related parties under common control for determining whether fees paid to decision makers and service providers are variable interests. The amendments in this Update improve the accounting for those areas, thereby improving general purpose financial reporting. ASU 2018-17 is effective for annual periods, including interim periods within those annual periods, beginning after December 15, 2019. All entities are required to apply the amendments in this Update retrospectively with a cumulative-effect adjustment to retained earnings at the beginning of the earliest period presented. As a result of adoption, there was no cumulative impact to the Company's retained earnings at January 1, 2020 and the adoption of this guidance has had no impact on the Company's results of operations, cash flows and balance sheet.

3. Cash and Cash Equivalents:

Cash and cash equivalents consisted of the following:

USD in thousands	December 31, 2020	December 31, 2019
Cash on hand and at banks	16,662	16,362
Total	**16,662**	**16,362**

As of December 31, 2020, restricted cash relating to minimum cash and other reserve requirements was \$8,771 thousand (December 31, 2019: \$10,957 thousand).

4. Inventories:

Inventories are analysed as follows:

USD in thousands	December 31, 2020	December 31, 2019
Bunkers	-	1,130
Lubricants	520	567
Total	**520**	**1,697**

As of December 31, 2020, the Company's value of Bunkers inventory was nil, thus no valuation test of bunkers inventory was applicable. The charge of accumulated devaluation resulting from prior quarters test amounting to $257 thousand, is included in the statement of Comprehensive (Loss)/Income under "Write off of inventory" line item.

5. Vessels, Net and Other fixed Assets:

Vessels are analysed as follows:

USD in thousands	Vessel cost	Accumulated depreciation	Net book value
Balance, January 1, 2019	**226,395**	**(24,621)**	**201,774**
Vessels additions	555	-	555
Depreciation expense	-	(9,303)	(9,303)
Vessel held for sale	(9,269)	1,919	(7,350)
Vessels disposal	(12,953)	1,912	(11,041)
Balance, December 31, 2019	**204,728**	**(30,093)**	**174,635**
Vessels additions	143	-	143
Depreciation expense	-	(7,766)	(7,766)
Impairment charge	(25,759)	14,263	(11,496)
Vessels disposal	(18,307)	24	(18,283)
Balance, December 31, 2020	**160,805**	**(23,572)**	**137,233**

On December 24, 2019, the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Calm Bay to an unrelated third party on a charter free basis. The vessel was delivered to her new owners on January 17, 2020 and as a result of the sale the Company recognized a loss of $71 thousand included within "(Loss) / gain on vessel disposal" in the accompanying consolidated statements of Comprehensive (Loss)/Income.

As of December 31, 2019, the vessel is presented under the line item "Assets held for sale" in the accompanying statements of balance sheets as the Company concluded that all criteria required by the relevant accounting standard for the classification of the vessel as "held for sale" were met.

On October 24, 2019, the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Fortune Bay to an unrelated third party on a charter free basis. Pursuant to an addendum to the MOA dated February 27, 2020 the delivery date of the vessel was agreed to be deferred latest to July 10, 2020 subject to a partial prepayment of the purchase price in the amount of $380 thousand payable to Sellers bank account. This amount was received on March 5, 2020. On June 12, 2020, the Company signed a termination agreement with the Sellers whereas the aforementioned sale was cancelled and the balance of $620 thousand standing in the escrow account was released in favour of her owners. The total amount of $1,000 thousand is presented in the accompanying consolidated statement of Comprehensive (Loss)/Income under "Gain on contract termination" line item.

5. Vessels, Net and Other fixed Assets- continued:

On June 19, 2020, the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Falcon Bay to an unrelated third party on a charter free basis. The vessel was delivered to her new owners on August 13, 2020, and as a result of the sale the Company recognized a loss of $635 thousand included within "(Loss) / gain on vessel disposal" in the accompanying consolidated statements of Comprehensive (Loss)/Income.

The impairment test carried out for the M/V Falcon Bay indicated that the estimated undiscounted projected net operating cash flows were less than the vessels net book value. Therefore, the Company recognised an impairment loss of $5,280 thousand representing the write down of the carrying value of the impaired vessel to its fair value of $13,400 thousand (Note 12).

On September 14, 2020, the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Fortune Bay to an unrelated third party on a charter free basis. The vessel was delivered to her new owners on October 23, 2020 and as a result of the sale the Company recognized a loss of $250 thousand included within "(Loss) / gain on vessel disposal" in the accompanying consolidated statements of Comprehensive (Loss)/Income.

The impairment test carried out for the M/V Fortune Bay indicated that the estimated undiscounted projected net operating cash flows were less than the vessels net book value. Therefore, the Company recognised an impairment loss of $700 thousand representing the write down of the carrying value of the impaired vessel to its fair value of $4,800 thousand (Note 12).

On November 24, 2020 the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Reunion Bay to an unrelated third party on a charter free basis. The vessel is expected to be delivered to her new owners earliest on February 20, 2021 and latest by March 20, 2021.

The impairment test carried out for the M/V Reunion Bay indicated that the estimated undiscounted projected net operating cash flows were less than the vessels net book value. Therefore, the Company recognised an impairment loss of $1,078 thousand representing the write down of the carrying value of the impaired vessel to its fair value of $5,700 thousand (Note 12).

On February 19, 2021 the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Liberty Bay to an unrelated third party on a charter free basis. The vessel is expected to be delivered to her new owners earliest on March 2, 2021 and latest by April 30, 2021.

The impairment test carried out for the M/V Liberty Bay indicated that the estimated undiscounted projected net operating cash flows were less than the vessels net book value. Therefore, the Company recognised an impairment loss of $1,116 thousand representing the write down of the carrying value of the impaired vessel to its fair value of $10,500 thousand (Note 12).

On February 19, 2021 the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Alsea Bay to an unrelated third party on a charter free basis. The vessel is expected to be delivered to her new owners earliest on April 1, 2021 and latest by May 31, 2021.

The impairment test carried out for the M/V Alsea Bay indicated that the estimated undiscounted projected net operating cash flows were less than the vessels net book value. Therefore, the Company recognised an impairment loss of $1,548 thousand representing the write down of the carrying value of the impaired vessel to its fair value of $9,500 thousand (Note 12).

On February 19, 2021 the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Monterey Bay to an unrelated third party on a charter free basis. The vessel is expected to be delivered to her new owners earliest on April 1, 2021 and latest by May 31, 2021.

The impairment test carried out for the M/V Monterey Bay indicated that the estimated undiscounted projected net operating cash flows were less than the vessels net book value. Therefore, the Company recognised an impairment loss of $1,070 thousand representing the write down of the carrying value of the impaired vessel to its fair value of $11,000 thousand (Note 12).

5. Vessels, Net and Other fixed Assets- continued:

On February 22, 2021 the Company entered into a Memorandum of Agreement ("MOA") for the sale of M/V Eden Bay to an unrelated third party on a charter free basis. The vessel is expected to be delivered to her new owners earliest on March 15, 2021 and latest by April 15, 2021.

The impairment test carried out for the M/V Eden Bay indicated that the estimated undiscounted projected net operating cash flows were less than the vessels net book value. Therefore, the Company recognised an impairment loss of $704 thousand representing the write down of the carrying value of the impaired vessel to its fair value of $6,300 thousand (Note 12).

As of December 31, 2020, the M/V Reunion Bay, M/V Liberty Bay, M/V Alsea Bay, M/V Monterey Bay, and M/V Eden Bay were still engaged under a time charter and as such the Company concluded that not all criteria required by the relevant accounting standard for the classification of the vessels as "held for sale" were met.

As discussed in Note 2 above, tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable.

The cash flows are determined for a period over the remaining estimated life of the vessels assumed to be 25 years from the delivery of the vessel from the shipyard or up to the expected vessel disposal date when an agreement is in place for such disposal.

Projected net operating cash flows are determined by considering the charter revenues from existing time charters for the fixed fleet days, if any, and an estimated daily time charter equivalent for the unfixed days, net of brokerage commissions. The Company estimated the daily time charter equivalent for the unfixed days for the two first years utilizing the Marsoft rates and for the remaining useful life by using the most recent twenty-year historical averages publicly provided by major brokers. The twenty-year historical average, given the wide spread of annual rates between the peaks and troughs over the period, provides as fair as any other assumption that could be used in determining a rate for a long-term forecast.

Expected outflows for operating expenses (including planned dry-docking and special survey expenditures) were based on the historical average costs per type of vessel, assuming an average annual inflation rate of 1.5% and fleet utilization of 98.5%. Cash inflow from the salvage value was estimated to be $300 per light weight ton (LWT) for vessels in accordance with the Company's vessels depreciation policy.

The review of the carrying amounts for the remaining fleet in connection with the estimated recoverable amount of the Company's vessels as of December 31, 2020, did not indicate an impairment charge.

As of December 31, 2020, all Company's vessels are mortgaged as security for the loan facilities, refer to Note 8.

As of December 31, 2020, other fixed assets represent office assets with a cost of $190 thousand and accumulated depreciation of $157 thousand. Depreciation charged on other fixed assets amounted to $82 thousand for the year ended December 31, 2020.

6. Commitments and Contingencies:

a) Various claims, suits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance, and other claims with suppliers relating to the operations of the Company's vessels.

b) The Company is a member of a protection and indemnity association, or P&I Club that is a member of the International Group of P&I Clubs (“IG”), which covers its third-party liabilities in connection with the vessels’ shipping activities. A member of the IG may subject to supplemental amounts or calls, payable to its P&I Club based the claim records of all members of the P&I Club.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements. The Company's protection and indemnity (P&I) insurance coverage for pollution is $1 billion per vessel per incident.

c) Following the adoption of ASC 842 “Leases” as discussed in Note 2, the Company has evaluated the impact of the new guidance adopted on the presentation of the operating lease for the Company’s offices in Athens. Accordingly, the Company recognised the Right of use of the asset in the amount of $35 thousand as current asset in the accompanying balance sheet as the remaining term of the lease is less than 12 months. The applicable liability of $35 thousand was recognised as current operating lease liability in the accompanying balance sheet.

As of December 31,2020, the company’s minimum rental payments up to contract’s expiration on August 2021 are as follows:

USD in thousands	**December 31,2021**	**Total**
Rent	33	33
Total	**33**	**33**

d) The Company has entered a contract for the purchase of the Ballast Water Treatment System (“BWTS”) equipment for five vessels of its fleet. On May 22,2020, the Company signed an addendum in order to cancel the supply of the system for the remaining two vessels under this contract that the system was yet to be delivered.

As of December 31, 2020, the remaining commitments in relation to the above-mentioned contract amount to $33 thousand, relating to the commissioning phase of M/V Eden Bay BWTS expected to be completed within the first half of 2021. The amount is due for payment within the next 12 months.

7. Shareholders’ Equity:

On February 27, 2020, the Board of Directors of Pioneer Marine Inc. following the disposal of three vessels declared a cash dividend of $0.30 per outstanding share of company’s Common Stock. The dividend was paid on March 6, 2020 to stockholders of record as of March 5, 2020.

8. Long Term Debt:

An analysis of long-term debt is as follows:

USD in thousands	December 31, 2020	December 31, 2019
ABN Facility ("ABN")	39,994	51,499
Sinosure Facility ("Sinosure")	7,009	16,438
DVB Bank SE ("DVB")	14,161	17,645
Total principal outstanding	61,164	85,582
Less: Deferred financing costs	(423)	(809)
Total	**60,741**	**84,773**

Presented as follows:

Current portion of long-term debt, net of deferred finance cost	12,811	17,053
Long term debt, net of deferred finance cost	47,930	67,720

The annual principal payments required to be made after December 31, 2020, in accordance with the loan agreements and supplemental agreements, including balloon payments, totalling $61,164 thousand are as follows:

USD in thousands	Amount
Year	
December 31, 2021	12,988
December 31, 2022	12,279
December 31, 2023	31,892
December 31, 2024	1,001
December 31, 2025	3,004
Total	**61,164**

ABN facility: On June 13, 2018 eleven of our ship-owning subsidiaries entered a secured term loan facility with ABN Amro Bank N.V. for an amount of up to $64,400 thousand.

Pursuant to a Memorandum of Agreement ("MOA") for the sale of the MV Calm Bay on January 14, 2020, the Company prepaid the amount of $3,868 thousand (the "Calm Bay Prepayment") following the sale of the MV Calm Bay (Note 5) and respective loan securities including but not limited to the Vessel's mortgage, were released.

On June 12, 2020, the Company entered into a supplemental agreement for the ABN facility ("First Supplemental Agreement'') whereby it was agreed to defer a portion of the next three quarterly instalments of the facility amounting to $2,953 thousand (the "Deferred Amount"). As a consideration for the deferral, it was agreed that the Company will proceed with a prepayment of $2,953 thousand which was effected on June 15, 2020. The next principal payment for the ABN facility is scheduled within March 2021.

The First Supplemental Agreement provided also for an Excess Cash calculation mechanism, commencing from the third quarter of 2020 and applicable up to final repayment of the Deferred Amount. Based on the Excess Cash calculation an amount of $212 thousand was prepaid to Lenders in December 2020 relating to the third quarter. For the fourth quarter the calculation resulted in the amount of $710 thousand, which will be prepaid to Lender on March 2021 and therefore this amount is classified as current portion of Long-Term debt in the accompanying balance sheet.

8. Long Term Debt- continued:

Furthermore, pursuant to a Memorandum of Agreement ("MOA") for the sale of the MV Fortune Bay (Note 5), the Company prepaid on October 23, 2020 the amount of $ 2,502 thousand and respective loan securities including but not limited to the Vessel's mortgage, were released.

Following the above amendments/prepayments, the outstanding amount of the ABN facility is repayable in one quarterly instalment of $ 2,658 thousand, nine quarterly instalments of $1,948 thousand each and a balloon payment of $19,800 thousand to be paid on the last repayment date scheduled for June 2023. The loan bears interest at LIBOR plus a margin and is secured over the respective vessels.

DVB facility: On September 20, 2018, six of Company's ship-owning subsidiaries entered into a secured term loan facility with DVB Bank SA, Amsterdam Branch for an amount of $29,310 thousand divided into two tranches, Tranche A and Tranche B. The loan bears interest at LIBOR plus a margin and is secured over the respective vessels.

As of December 31, 2020, the facility is repayable into eleven quarterly instalments of $871 thousands and a balloon payment of $4,580 thousands payable together with the last instalment scheduled for September 2023.

Sinosure facility: On May 19, 2015, as amended on July 22, 2015("First Supplemental Agreement") and on August 17, 2017 facility ("Second Supplemental Agreement") , the ship owning companies of M/V Falcon Bay and M/V Kite Bay together with Pioneer Marine Inc. and Pioneer Marine LLC as guarantors each individually entered into a secured loan facility with ABN AMRO Bank, N.V, Deutsche Bank AG and Norddeutche Landesbank Girozentrale bearing interest at Libor plus a margin and is secured over the respective vessels. The credit facility is repayable in forty consecutive quarterly instalments each in a sum equal to one forty-eight (1/48th) of the amount of the loan, which will be advanced on each vessel's delivery, and a balloon repayment together with the final instalment, commencing three months after the delivery date of each newbuilding.

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On June 25, 2019 the Company entered into a supplemental agreement for the Sinosure Facility ("Third Supplemental Agreement") whereby Lenders, provided their consent to distribute dividends and acquire treasury stock without their prior approval, subject to compliance with the terms of the loan agreement.

Pursuant to a Memorandum of Agreement ("MOA") for the sale of the MV Falcon Bay (Note 5), the Company prepaid on August 13, 2020 the outstanding amount of M/V Falcon Bay of $7,884 thousand and the vessel was released from mortgage and delivered to her new Owners.

As of December 31, 2020, the outstanding loan amount for MV Kite Bay is repayable in twenty quarterly instalments in the amount of $250 thousand, with a total balloon payment of $2,003 thousand to be paid on the last repayment date scheduled for November 2025.

As of December 31, 2020, the Company was in compliance with the required financial covenants under its loan agreements, as amended and agreed from time to time, apart from the EBITDA to debt service payable requirement, which however provided for a cure mechanism in the event of non-compliance. All credit facilities are secured by a first mortgage over the respective vessels and by other customary maritime securities.

Unamortized deferred finance cost amounted to $423 thousand as of December 31, 2020. During the year ended December 31, 2020, amortization charge amounted to $436 thousand. Weighted average interest rate for the year ended December 31, 2020, was 3.63%. (December 31, 2019: 5.22%)

9. Revenue, Net:

Revenue, net comprises of the following:

USD in thousands	December 31, 2020	December 31, 2019
Time charter revenues	41,594	56,908
Voyage charter revenues	389	5,725
Less: Address commissions	(1,517)	(2,191)
Sub Total Revenue	**40,466**	**60,442**
Commercial Revenue	418	265
Total Revenue	**40,884**	**60,707**

10. Voyage and Vessel Operating Expenses:

USD in thousands	December 31, 2020	December 31, 2019
Voyage Expenses		
Bunkers consumption	3,088	3,781
Agency costs	77	1,000
Commissions and other voyage costs	1,069	1,861
Total Voyage Expenses	**4,234**	**6,642**

USD in thousands	December 31, 2020	December 31, 2019
Vessel Operating Expenses		
Crew wages and expenses	15,677	17,891
Lubricants consumption	986	1,165
Stores, spares, and repairs	3,172	3,984
Insurance	1,469	1,639
Management fee and expenses	1,843	2,262
Other operating expenses	1,156	1,357
Total Operating Expenses	**24,303**	**28,298**

As of December 31, 2020, Company’s fleet consisted of 14 vessels while as of December 31, 2019 the fleet consisted of 17 vessels.

11. Interest Expenses and Finance Costs, Net:

Interest expense and finance cost, net comprises of the following:

USD in thousands	December 31, 2020	December 31, 2019
Loan interest expense and other finance charges	2,769	5,236
Amortization of deferred finance cost	436	330
Interest expense and finance cost, net	**3,205**	**5,566**

12. Financial Instruments:

The principal financial assets of the Company consist of cash and cash equivalents, restricted cash, and trade accounts receivable. The principal financial liabilities of the Company consist of bank debt, accounts payables and accrued liabilities.

(a) ***Interest rate risk:*** The Company's bank loans are based on LIBOR and hence the Company is exposed to movements in LIBOR.

(b) ***Concentration of credit risk:*** Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of trade accounts receivable and cash and cash equivalents. 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 trade accounts receivable. The Company places its cash and cash equivalents, with high credit quality financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial institutions.

(c) ***Fair value:*** The carrying values of trade accounts receivable, cash and cash equivalents, restricted cash, accounts payable and accrued liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. Cash and cash equivalents and restricted cash are considered Level 1 items in accordance with fair value hierarchy as they represent liquid assets with short-term maturities. The fair value of bank debt approximates the recorded value, due to its variable interest rate, being the LIBOR. LIBOR rates are observable at commonly quoted intervals for the full terms of the loans and hence bank loans are considered Level 2 items in accordance with the fair value hierarchy.

(d) ***Asset Measured at Fair Value on a Non-Recurring Basis:*** As of December 31, 2020, and December 31, 2019, the Company reviewed the carrying amount in connection with the estimated amount of each of its vessels. During the year ended December 31, 2020, seven vessels were recorded at fair value as their future undiscounted net operating cash flows were less than their carrying amount. The fair values of these seven vessels amounting to $61,200 in aggregate, were determined through Level 2 inputs of the fair value hierarchy.

Details of the impairment charge are noted in the tables below.

As of December 31, 2020 (amounts in $thousand)

Vessel	**Significant Other Observable Inputs (Level 2)**	**Loss**
Falcon Bay	$13,400	$5,280
Fortune Bay	$4,800	$700
Reunion Bay	$5,700	$1,078
Eden Bay	$6,300	$704
Monterey Bay	$11,000	$1,070
Alsea Bay	$9.500	$1,548
Liberty Bay	$10,500	$1,116
Total	**$61,200**	**$11,496**

The Company recognized the total impairment loss of $11,496 in the year ended December 31, 2020, which was included in the condensed consolidated statements of Comprehensive (Loss)/Income.

The fair value of M/V Fortune Bay, M/V Falcon Bay, M/V Reunion Bay, M/V Eden Bay, M/V Monterey Bay, M/V Alsea Bay and M/V Liberty Bay is based on the sale price agreed as per the Memoranda of Agreement entered on a charter free basis (Note 5).

13. Net (loss)/income Per Share:

	December 31, 2020	**December 31, 2019**
Net (loss)/income (USD in thousands)	(14,530)	12,452
Weighted average number of common shares outstanding, basic and diluted	25,463,715	25,992,104
Net (loss)/income per share, basic and diluted in USD	**(0.57)**	**0.48**

The computation of basic and diluted loss per share is based on the weighted average number of common shares outstanding during the period presented in the table above.

14. Taxes:

The entities which are incorporated in the Republic of the Marshall Islands are not subject to Marshall Islands' income tax in accordance with the income tax laws of the Marshall Islands.

In addition, pursuant to § 883 of the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operation of ships is generally exempt from U.S. Federal income tax on such income upon meeting certain requirements.

The Company does not meet the exemption requirement and as a result, the Company does not qualify for exemption under § 883 of the Code from the 4 % U.S. Federal income tax on its U.S source gross transportation income which for the year ended December 31, 2020, amounted to $130 thousand (2019: $170 thousand) and is included under other expenses and taxes, net in the consolidated statement of Comprehensive (Loss)/Income.

Finally, other minor taxes amounting to $92 thousand (2019: $78 thousand) mainly relating to tonnage tax paid for vessels managed from Greek company under Law 89/79 are included under other expenses and taxes, net in the accompanying consolidated statement of Comprehensive (Loss)/Income.

15. Other non-current Liabilities:

An actuarial loss (the difference between expected and actual PBO as at 31.12.2020) of $24 thousands arose during the financial year due to the following factors:

- Change in financial assumptions: The discount rate has decreased from 1,35% to 0,77%, giving rise to an actuarial loss of $28 thousand.
- Experience over period: gain of $4 thousands, mainly due to the lower than anticipated salary increases during the year.

Under ASC 715-30-35, the amounts of the "Unrecognized Actuarial Gain/Loss" and the "Unrecognized Prior Service Cost" are recognized in the "Accumulated Other Comprehensive Income" (AOCI), which is a statement of net equity. Therefore, the above loss is recognized in the Other Comprehensive Income. The balance sheet provision as at the end of the financial year is equal to the funded status (i.e., the difference between assets and PBO).

As the retirement indemnity is an unfunded plan, the Company's liability at December 31, 2020 under ASC 715-30 is equal to the PBO as at 31.12.2020, amounted $183 thousand. The Company's liability at December 31, 2019 amounted to $130 thousand respectively.

16. Subsequent Events:

Pursuant to the respective Memoranda singed and described in (Note 5), M/V Reunion Bay, M/V Liberty Bay are expected to be delivered to their new owners during March 2021, M/V Eden Bay is expected to be delivered late March or early April to her new owners, while M/V Alsea Bay and M/V Monterey Bay are expected to be delivered to their new owners during the second quarter of 2021.

Subsequent events have been evaluated through February 26, 2021 the date that the financial statements were available to be issued.