Bruton Limited

RESULTS FOR THE SIX AND TWELVE MONTHS ENDED DECEMBER 31, 2024.

Bruton Limited (formerly known as Andes Tankers Ltd.) (together with its subsidiaries, “Bruton”, the “Company” or the “Group”) announces preliminary unaudited results for the six and twelve months ended December 31, 2024.

Highlights Q4 2024

- The Company successfully listed on the Euronext Growth under the ticker BRUT
- Patrick Schorn replaced Erling Lind as a Director of the Company
- Gunnar Winther Eliassen was appointed as Contracted CEO under a secondment agreement with Magni Partners (Bermuda) Ltd
- Entered into various support agreement securing a lean and cost-efficient structure until delivery of the Company’s vessels

Introduction

The Company was incorporated on 12 July 2023 and is an exempted company limited by shares organized and existing under the laws of Bermuda.

In July 2023, the Company entered into two newbuild contracts for two crude oil tankers (Very Large Crude Carrier “VLCC” or the “Vessels”) vessels with New Times Shipyard (“New Times”) in China with a contract price of $133.9 million each which includes LNG dual-fuel engine fittings. The dual fuel capabilities mean the ships can run on LNG, high sulfur fuel oil or low sulfur fuel oil offering the charterers significant flexibility. The ships can be elected to run on LNG when that is economical, either through a higher premium from charters (due to reduced CO_2 emissions), benefit from CO_2 prices, or lower price of fuel (when LNG prices are trading at a discount to fuel oil). As such, the Company’s Vessels may have a significant competitive advantage compared to the average comparable VLCC vessel in the market today.

Based on latest progress at the yard, delivery is currently targeted for August 2026 and December 2026.

To date, the Company has paid total installments of $ 26,771,000 to the shipyard representing 10% of the contract price. As security for the pre-delivery instalments under the newbuild contracts, New Times has furnished bank guarantees securing the Group’s pre-delivery instalments. The next 10% installments for the Vessels are currently scheduled for payment in August 2025 and January 2026, respectively as discussed in the Liquidity and Financing section.

The Company targets to have a lean structure with limited cost incurred until delivery of the vessels. The Company has therefore entered into various cost-efficient support-agreements. These agreements include corporate and commercial support from Magni Partners (Bermuda) Ltd., accounting and treasury services from Himalaya Shipping Management (UK) Limited, certain limited technical services relating to the newbuilding program from 2020 Bulkers Management AS and corporate secretarial services from Golar Management (Bermuda) Ltd. Pursuant to the arrangements with Magni, Mr. Eliassen has been seconded to the Company as its Contracted CEO from October 2024. Building supervision, plan approval and technical negotiations for the Vessels have been subcontracted to SeaQuest Marine Project Management Ltd.

The objective of the Company is to maximize shareholder returns from the two VLCC vessels under construction, while maintaining an opportunistic business development approach to situations offering unproportional risk reward.

Management discussion and analysis

The discussion below compares the preliminary unaudited results for the six months ended December 31, 2024 to the unaudited results for the six months ended June 30, 2024:

(in $ thousands)	**Six months ended December 31, 2024**	**Six months ended June 30, 2024**	**Change ($)**	**Change (%)**
General and administrative expenses	(299)	(60)	(239)	398 %
Total operating expenses	**(299)**	**(60)**	**(239)**	**398 %**
Total financial income, net	**97**	**114**	**(17)**	**(15)%**
Net income	**(202)**	**54**	**(256)**	**(474)%**

(in $ thousands)	**December 31, 2024**	**June 30, 2024**	**Change ($)**	**Change (%)**
Cash and cash equivalents	4,012	3,966	46	1 %
Newbuildings	26,981	26,922	59	— %
Total Equity	30,778	30,980	(202)	(1)%

General and administrative expenses for the six months ended was $0.3 million, a $0.2 million increase compared to the six months ended June 30, 2024. The increase is primarily due to costs relating to the Euronext Growth listing such as legal, advisory and listing fees, and secondment fees for the contracted CEO from October 1, 2024.

Newbuildings as of December 31, 2024 was $27.0 million, a $0.1 million increase compared to $26.9 million as of June 30, 2024. The increase is primarily due to capitalizable newbuilding supervision fees.

Consolidated Statements of Cash Flows

Six months ended December 31, 2024

Net cash provided by operating activities was $0.1 million and net cash used in investing activities was $0.1 million in the six months ended December 31, 2024. There were no cash flows from financing activities in the six months ended December 31, 2024.

Year ended December 31, 2024

Net cash flows from operating activities was $nil in the year ended December 31, 2024.

Net cash used in investing activities was $15.4 million in the year ended December 31, 2024, primarily consisting of instalment payments of $15.3 million on the newbuildings.

Net cash provided by financing activities was $3.5 million in the year ended December 31, 2024, primarily consisting of the net proceeds from private placements.

Liquidity and Financing

The Company had cash and cash equivalents of $4.0 million as of December 31, 2024.

The Company has not yet initiated any active operations or entered into significant investments other than the building contracts and is not expected to do so until closer to the delivery of the Vessels, currently targeted for August 2026 and December 2026 or in connection with other investments made by the Group within its business strategy. The Company's only source of liquidity has so far been the net proceeds from two private placements of common equity, which have been partly used to finance the 1st and 2nd instalment for the Vessels and for general corporate purposes.

The Company is adequately financed to meet its near-term obligations and has working capital to meet its current operational needs. The Company, however, does not currently have sufficient financing to pay the future shipyard instalments for the Vessels. The third instalments on the two vessels are currently expected to be due in August 2025 and January 2026, each amounting to $13.4 million. In addition, the fourth installment on one vessel is due in March 2026 and amounts to $13.4 million. Consequently, the Company does not currently have sufficient working capital to fund its committed capital program for the next 12 months. To obtain the necessary financing to pay the above-mentioned instalments and the remaining purchase amount, the Company plans to raise further equity, seek third party debt financing, sell assets or a combination thereof.

Newbuilding program

The vessels are scheduled to be delivered as follows:

(numbers in $ million)			
Vessel hull number	**Target delivery date**	**Price**	**Remaining installments**
0330005	August 2026	133.85	120.5
0330006	December 2026	133.85	120.5
Total		267.70	241.0

The purchase price is to be settled in five pre-delivery instalments for each Vessel, in the amount equal to approximately 5, 5, 10, 10 and 10 per cent of the purchase price of each Vessel. The remaining 60% shall be payable on delivery of the Vessel. To date, the Company has paid the first two instalments on each of the building contracts, amounting to $26.8 million in total. These instalments have been financed with equity. The next instalments on the two vessels are currently expected to come due in August 2025 and January 2026, respectively, and amount to $26.8 million in total.

The Company has engaged in preliminary dialogues with certain lending providers who have indicated a large portion of the remaining installments can, subject to various discussions and terms, be funded through debt and/or leasing structures. The Company will continue to pursue these dialogues with the ambition of securing a sound and efficient capital structure upon delivery of the vessels.

Market Commentary

2024 concluded as a decent year for the VLCC market, with the Baltic BDTI VLCC Index averaging about $40,000 per day. However, the year unfolded in two distinct halves for oil tankers. The first half saw record Atlantic-East crude trade flows, which drove VLCC earnings to strong levels. In the latter half, however, rising Iranian exports, softening Chinese oil demand, and disruptions in the Red Sea reduced the West-East trade arbitrage. According to Fearnleys, West-East crude flows declined by nearly one million barrels per day in the second half of the year compared to the first half, a trend also reflected in the Baltic Tanker Indices. The BDTI VLCC Index averaged approximately $32,000 per day in the second half of the year.

2025 has started on a positive note, with the Baltic BDTI VLCC Index averaging about $41,000 per day through February, supported by recent sanctions news and a recovery in West-East flows. Looking ahead, demand growth for oil tankers appears well-supported, driven by increasing oil supply in the West and rising consumption in the East. The International Energy Agency (IEA) forecasts that in 2025, Western oil supply will grow by 1.4 million barrels per day, while the East will see no growth. Meanwhile, oil demand is expected to increase by 0.2 million barrels per day in the West and 0.8 million barrels per day in the East, reinforcing tonne-mile demand. This imbalance between supply and demand across regions is expected to persist through 2030. Notably, just four months ago, the IEA forecasted a global oil market oversupply of 1.2 million barrels per day for 2025, but this estimate has since narrowed to 0.5 million barrels per day. With additional uncertainties surrounding Iranian exports and Russian production due to sanctions, the market could quickly shift into an undersupply scenario, potentially prompting OPEC+ to reverse its production cuts. Such a development would be a positive driver for VLCCs and oil tankers, as a significant portion of these volumes are transported by sanctioned vessels.

In China, fiscal policy remains described as "moderately loose," aimed at stimulating economic activity, which is likely to drive increased oil consumption. At the same time, economic sanctions and financial pressures are affecting independent "teapot" refineries, gradually shifting refining activity to state-owned enterprises. This transition is also altering crude imports, favoring non-sanctioned crude transported by compliant vessels. Meanwhile, refinery margins in Asia are strengthening, and there are indications of rising diesel demand, suggesting improved economic activity.

The closure of the Red Sea has had a significant positive impact on tanker tonne-miles, forcing vessels to reroute and take longer sailing distances. However, increased political pressure could lead to an easing or even a reversal of these inefficiencies. According to Clarksons, approximately 30 percent of Suez Canal tanker trade has been rerouted via the Cape of Good Hope, contributing to an estimated 1.6 percent tonne-mile growth for crude tankers and 8.1 percent for product tankers in 2024. While VLCCs have been less affected than other tanker classes, any shift in these disruptions could have spillover effects across the broader tanker market.

On the supply side, conditions remain favorable for higher crude tanker earnings in the coming years. As of January 2025, the total tanker orderbook-to-fleet ratio stood at 13.7 percent, with VLCCs at just 9.3 percent, according to Clarksons data. Due to high earnings and ordering activity in other shipping segments and a near 50 percent decline in global shipbuilding capacity since the last ordering cycle, new VLCC construction slots are largely unavailable before 2028 and beyond. As a result, VLCC gross supply growth will be limited to 0.5 percent in 2025, followed by 3.2 percent in 2026 in deadweight tonnage terms. At the same time, the VLCC fleet is aging, with the average age currently at approximately 12.5 years—the highest since 2000. Without significant new orders or scrapping activity, this figure will exceed 16 years by 2030.

Overall, long-term supply-demand dynamics remain constructive for the VLCC sector. However, geopolitical risks could lead to significant volatility in 2025 freight rates, with factors such as escalating sanctions, fleet inefficiencies, or easing geopolitical disruptions having the potential to alter market conditions rapidly. As such, 2025 will likely be a year heavily influenced by geopolitics, making trade-flow developments and freight rate levels difficult to predict. Asset values will continue to be impacted by fluctuations in freight rates and could also experience fluctuations, similar to what has been seen in previous cycles. Albeit should an upcycle in the VLCC segment be pushed out in time, the supply side dynamics are expected to only grow stronger, especially for modern tonnage owners as the growing world oil trade continues to be serviced by an ageing fleet.

Strategy

The Company’s primary business is not limited to the ownership and operation of the Vessels, but is designed to capture value across multiple sectors and situations offering unproportional risk reward. Maritime sectors will continue to be of interest, but the Company will remain open to opportunities in other industries where market fluctuations or other factors present favorable entry points. The Group’s approach to M&A is opportunistic and strategic, targeting both individual assets, equity stakes in companies and specific private projects where the deployment of its financial and operational expertise can help unlock value.

Forward looking statements

This announcement includes forward looking statements. Forward looking statements are, typically, statements that do not reflect historical facts and may be identified by words such as "anticipate", "believe", "continue", "estimate", "expect", "intends", "may", "should", "will" and similar expressions. The forward-looking statements in this announcement are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although Bruton believes that these assumptions are reasonable, they are, by their nature, uncertain and subject to significant known and unknown risks, contingencies and other factors which are difficult or impossible to predict and which are beyond our control. Such risks, uncertainties, contingencies and other factors could cause actual events to differ materially from the expectations expressed or implied by the forward-looking statements included herein.

You should not place undue reliance on these forward-looking statements, which speak only as of the date of this press release. Unless legally required, Bruton undertakes no and expressly disclaims any obligation to update publicly any forward-looking statements after the date of this press release whether as a result of new information, future events or otherwise.

About Bruton Limited

Bruton Limited is a company that will focus on business operations across industries characterized by cyclical market dynamics, with an initial emphasis on maritime assets. Leveraging strategic M&A expertise and experienced operational management partners, Bruton targets undervalued assets and equity stakes where its operational and financial support can drive growth. The business strategy is designed to align business operations with industry cycles and favorable market shifts. Bruton currently has two VLCC vessels on order from New Times Shipyard.

February 21, 2025

The Board of Directors
Bruton Limited
Hamilton, Bermuda

Bjorn Isaksen (Chairman of the Board)
Patrick Schorn (Director)
Mi Hong Yoon (Director)